

EARNINGS PRESENTATION
Q1-FY22





Legacy

- 30 years of delivering value to customers
- Founder, **Mr. Harish Mehta** also co-founded **NASSCOM**
 - Global Footprint



Flexible Business Model

- Onsite / Offshore blended services
- Ability to ramp up globally to meet client demands
 - Agility & Speed in Execution



Execution Capabilities

- Over 9,000+ Projects Delivered
- Over 50 Million Hours of engineering services work
- One of the leading ER&D and Digital outsourcing service providers in India



Marquee Clientele

- Enviable Customer base of Fortune 1,000 companies
- Preferred partner to the worlds leading Transportation & Mobility and Industrial Equipment companies



Team Strength

- Dynamic & Experienced Leadership Team
 - 2,100+ experienced employees
 - Continuously investing in training for upskilling and reskilling in latest technologies



Key Financial Metrics

- 5-year PAT CAGR: 18.16%
- FY21 ROE: 9.85%, ROCE: 14.22%
 - Net Debt Free

Company Overview

- Established in 1991 Onward Technologies Ltd is a leading player today in Digital, ER&D and Information Technology outsourcing services.
- Headquartered at Mumbai, the company caters to a wide set of customers who are leading global players in their respective areas and is a trusted service provider for companies across sectors like Transportation & Mobility, Industrial Equipment & Heavy Machinery, Pharma, Healthcare & Medical Devices and Hi-Tech.
- The company prides itself in possessing high-end capabilities and providing flawless execution across the Digital transformation suite and ER&D services.
- Onward has a strong team of 2,100+ experienced employees operating from multiple offices and client locations across India, USA, UK & Europe.
- With the changes occurring in the global manufacturing space, Onward Technologies enables companies become more dynamic, flexible, and efficient while optimising costs significantly.

Key Business Segments

Engineering Research & Development (ER&D)

- The Company offers wide range of engineering design services including product design, electronics and embedded engineering, engineering analysis, engineering documentation and maintenance and manufacturing solutions.

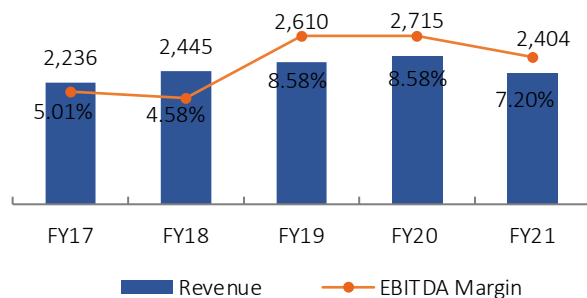
Digital Transformation

- With the Industry 4.0 revolution, digital transformation is the newest but fastest growing vertical, with services like digital factory, data architecture design & modelling, big data and advanced analytics, IoT, cloud services, automation and data visualization.

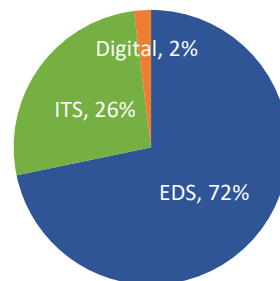
IT Services (ITS)

- The IT consulting vertical also provides application management services, database maintenance support, technical helpdesk support, infrastructure support and retail banking solutions.

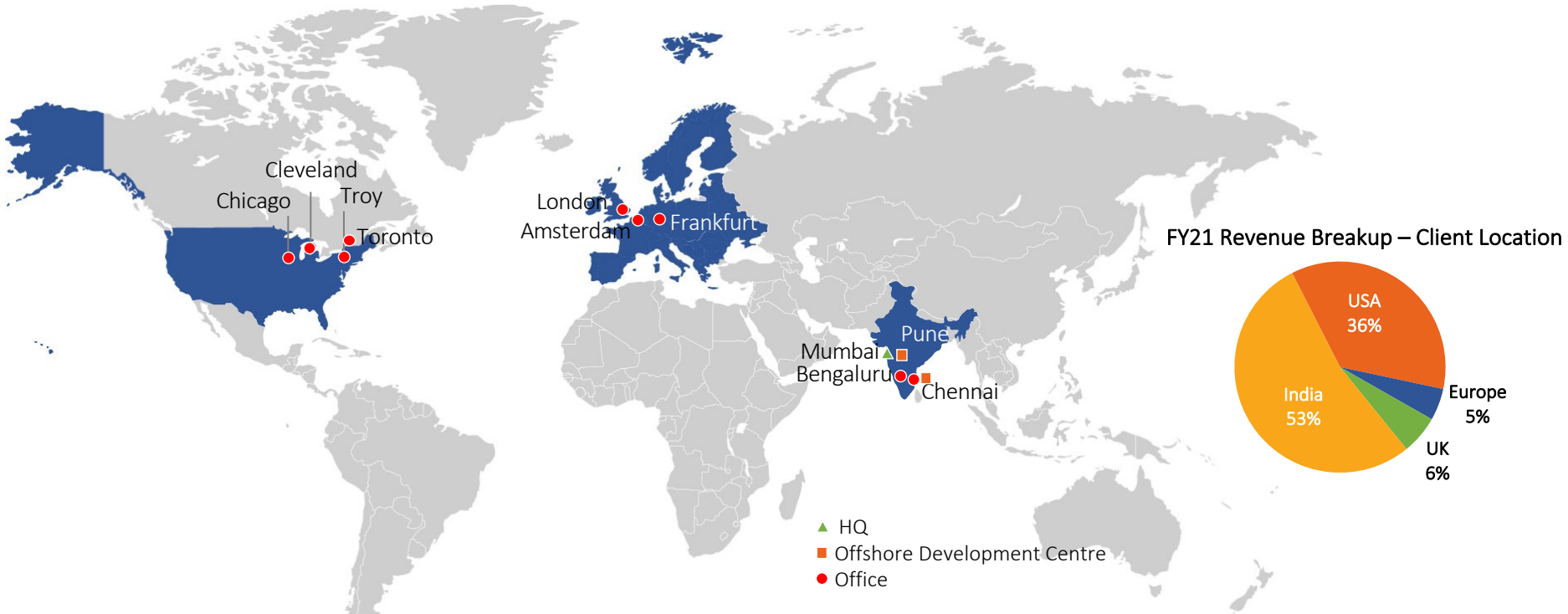
Revenue & EBITDA Margin (INR Mn)



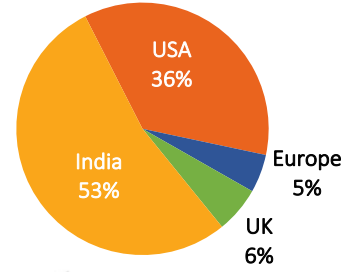
FY21 Segmental Revenue



Geographical Presence



FY21 Revenue Breakup – Client Location



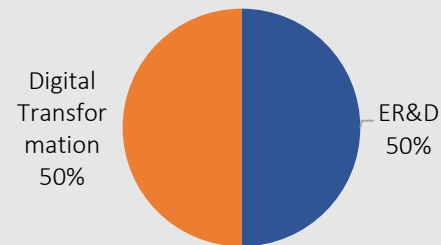
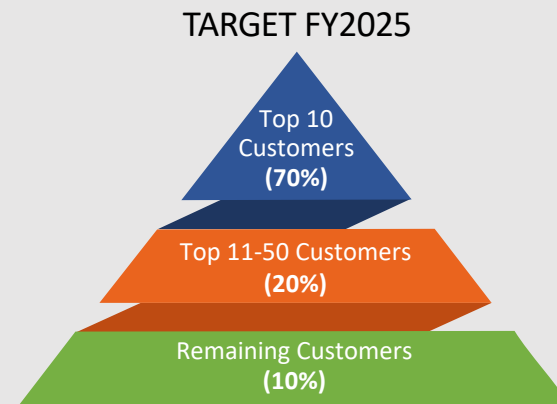
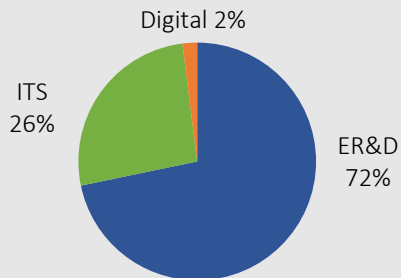
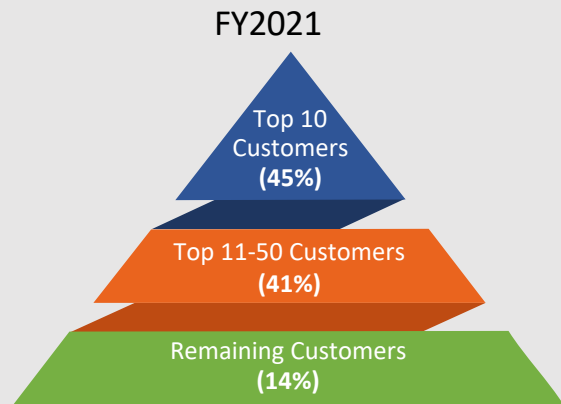
Large Customers with more than 10 Years of Association	7
Large Customers with more than 5 Years of Association	10

Key Strengths



- Proven expertise in delivering digital transformation and engineering outsourcing services for fortune 1000 companies
- Ability to ramp-up on-demand across the globe on a short notice
- Flexible business and engagement model to provide agility and cost effectiveness
- Right size organization to provide stability as well as responsiveness
- Agile, young and dynamic team with a hunger for excellence, supported by experienced and respected promoters & board of directors
- Paying dividends consistently for the past 6 years with a commitment to continuously improving shareholder value
- Robust cash generation achieved in FY19-21, with clear visibility of cash generation over the next 3-5 years
- Net Debt Free

Strategic Transformation



- Over its 3-decade legacy, Onward Tech has developed an enviable working relationship with prestigious global clients across India, North America and Europe, many of which are Fortune 500 companies.
- Onward Tech is consciously transforming its service offering from low margin traditional IT Services to high margin, high tech services in ER&D and Digital Transformation.
- IT services clients are being transitioned to Digital services gradually, and clients spend is increasing on digital transformation, which will also lead to margin expansion.
- The company's clear future growth strategy is to entrench deeper into the existing customers by investing in people and enhancing its capabilities and contributing more deeply towards their complex high tech digital transformation, mechanical engineering and embedded technology requirements.

Future Growth Strategy

New Capabilities

- Focus on newly established capabilities in Digital Transformation, AI/ML, and Industry 4.0
- Build capabilities in sector agnostic practices
- We continue to make significant investments in digital technologies in demand and hiring experienced professionals:

People: reskilling and upskilling, hiring as per industry and customer needs

Process: constant upgrade of internal systems to automate and improve efficiencies towards becoming 100% digital

Margin Expansion

- Higher margin business opportunities in sales funnel with focus on new Digital and ER&D practices

International Business

- Increase share of overseas business from well-established US, UK, and Germany offices
- Robust pipeline for new deals with large global manufacturers

Focus

- Clear strategy for winning larger deals from existing customers and new customers in target markets: (North America, Europe & India)
- Focus on Operational excellence through Automation & simplifying our business model
- Bring the DSO down to 60 days in line with industry levels
- Deepen existing customer relationships, leverage “digital” into ER&D to become a one-stop-shop solution provider with end-to-end capabilities
- Exclusive focus on design thinking, digital transformation and product engineering
- Technical collaborations & partnerships
- Increase the wallet share from the large 25 OEMS
- Win more clients in Healthcare & Hi-tech segment

Financials

- Increase wallet share from existing clients
- M&A – capability acquisition strategy
- Positive cash flow over the years



Q1-FY22
FINANCIAL OVERVIEW



Q1-FY22 Key Financial Highlights

Q1-FY22 Standalone Financial Performance

INR 516 Mn

Revenue from
Operations

INR 5 Mn

EBITDA

0.97%

EBITDA Margins

INR (7) Mn

PAT

NA

PAT Margins

INR (0.37)/share

Diluted EPS

Q1-FY22 Consolidated Financial Performance

INR 696 Mn

Revenue from
Operations

INR (19) Mn

EBITDA

NA

EBITDA Margins

INR 99 Mn

PAT

14.22%

PAT Margins

INR 5.78/share

Diluted EPS

Q1-FY22 Operational Highlights

- The company achieved a YoY growth of 24% in Consolidated Revenues.
- There has been good Growth from the offshore business coming from US, EU and UK geographies.
- Signed 3 new customers, and various large new contracts during the quarter, which will further drive financial growth.
- There has been significant addition in total headcount primarily with around 90% of employee under the age of 40 making it a young, dynamic and agile team.
- There were various exceptional items in Q1-FY22 that need to be further highlighted, Based on these exceptional items, after excluding them, the adjusted EBITDA amount is INR 30 Mn, representing an EBITDA Margin of 4.34%:
 - The increase in Other Income is on account of a loan obtained under Paycheck Protection Program ("PPP") in the USA of INR 150 Mn and the interest amount on the same, which was granted forgiveness by the Small Business Authorities (SBA).
 - The increase in Other Expenses is on account of provision made due to uncertainty on account of delay in announcement by government relating to the export incentives recognized, amounting to INR 20 Mn under the Service Exports from India Scheme, 2015 (SEIS Scheme) for services exported till March 31, 2020.
 - The increase in Employee Benefits Expense is on account of a provision made for a one-time incentive for the employees amounting to INR 28.5 Mn, to compensate for the reduced salaries of employees in the last financial year 2021 due to the COVID-19 outbreak.
- Significantly reduced total borrowings further to negligible levels.

Q1-FY22 Standalone Income Statement (IND-AS)

Particulars (INR Mn)	Q1-FY22	Q1-FY21	Y-O-Y	Q4-FY21	Q-O-Q
Operational Income	516	382	35.08%	497	3.82%
Total Expenses	511	343	48.98%	456	12.06%
EBITDA	5	39	(87.18%)	41	(87.80%)
<i>EBITDA Margins (%)</i>	<i>0.97%</i>	<i>10.21%</i>	<i>(924 Bps)</i>	<i>8.25%</i>	<i>(728 Bps)</i>
Other Income	10	5	100%	25	(60.00%)
Depreciation	22	26	(15.38%)	22	NA
Finance Costs	2	6	(66.67%)	4	(50.00%)
PBT	(9)	12	NA	40	NA
Tax	(2)	3	NA	11	NA
Profit After tax	(7)	9	NA	29	NA
<i>PAT Margins (%)</i>	<i>NA</i>	<i>2.36%</i>	<i>NA</i>	<i>5.84%</i>	<i>NA</i>
Other Comprehensive Income	0	0	NA	1	(100.00%)
Total Comprehensive Income	(7)	9	NA	30	NA
Diluted EPS (INR)	(0.37)	0.55	NA	1.75	NA

Q1-FY22 Consolidated Income Statement (IND-AS)

Particulars (INR Mn)	Q1-FY22	Q1-FY21	Y-O-Y	Q4-FY21	Q-O-Q
Operational Income	696	560	24.29%	663	4.98%
Total Expenses	715	523	36.71%	625	14.40%
EBITDA	(19)	37	NA	38	NA
<i>EBITDA Margins (%)</i>	NA	6.61%	NA	5.73%	NA
Other Income	155	3	NA	20	NA
Depreciation	24	28	(14.29%)	25	(4.00%)
Finance Costs	2	7	(71.43%)	4	(50.00%)
PBT	110	5	NA	29	NA
Tax	11	1	NA	8	37.50%
Profit After tax	99	4	NA	21	NA
<i>PAT Margins (%)</i>	14.22%	0.71%	NA	3.17%	NA
Other Comprehensive Income	2	(1)	NA	3	(33.33%)
Total Comprehensive Income	101	3	NA	24	NA
Diluted EPS (INR)	5.78	0.23	NA	1.27	NA

HISTORICAL FINANCIAL OVERVIEW



Historical Standalone Profit & Loss

Particulars (INR Mn)	FY18	FY19	FY20*	FY21*	Q1-FY22*
Operational Income	1,066	1,182	1,806	1,727	516
Total Expenses	1,030	1,032	1,660	1,531	511
EBITDA	36	150	145	196	5
<i>EBITDA Margins (%)</i>	<i>3.38%</i>	<i>12.69%</i>	<i>8.03%</i>	<i>11.35%</i>	<i>0.97%</i>
Other Income	65	50	65	85	10
Depreciation	46	48	102	93	22
Finance Costs	22	21	33	21	2
PBT	33	131	75	167	(9)
Tax	11	37	21	40	(2)
Profit After tax	22	94	54	127	(7)
<i>PAT Margins (%)</i>	<i>2.06%</i>	<i>7.95%</i>	<i>2.99%</i>	<i>7.35%</i>	<i>NA</i>
Other Comprehensive Income	(1)	(4)	3	1	0
Total Comprehensive Income	21	90	57	128	(7)
Diluted EPS (INR)	1.33	5.70	3.26	7.50	(0.37)

* 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)	FY19	FY20	FY21
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	75	70	164
Intangible assets	56	41	39
Intangible assets under development	2	-	1
Right of use asset	-	146	83
Financial Assets			
(i) Investments	388	121	121
(ii) Loans	20	29	23
Deferred tax assets	5	27	23
Income tax assets (net)	101	193	111
Other non-current assets	4	1	5
Sub Total Non Current Assets	651	628	570
Current Assets			
Financial Assets			
(i) Trade Receivables	215	339	283
(ii) Cash & cash equivalents	21	75	119
(iii) Bank balance other than above	3	42	10
(iv) Contract assets	36	32	127
(v) Other financial assets	21	3	2
Other Current Assets	33	58	61
Sub Total Current Assets	329	549	602
TOTAL ASSETS	980	1,178	1,172

Particulars (INR Mn)	FY19	FY20	FY21
EQUITY AND LIABILITIES			
Equity			
Share Capital	158	160	163
Other Equity	454	455	573
Total Equity	612	615	736
Non Current Liabilities			
(i) Borrowings	1	-	6
(ii) Lease liabilities	-	104	55
Employee benefit obligations	21	25	46
Sub Total Non Current Liabilities	22	129	107
Current Liabilities			
(i) Borrowings	161	68	-
(ii) Trade Payables	46	96	78
(iii) Other Financial Liabilities	79	92	126
(iv) Lease Liabilities	-	48	38
Provisions	9	20	11
Contract liabilities	24	58	28
Other current liabilities	27	52	48
Sub Total Current Liabilities	346	434	329
Sub Total Liabilities	368	563	436
TOTAL EQUITY and LIABILITIES	980	1,178	1,172

Historical Consolidated Profit & Loss

Particulars (INR Mn)	FY18	FY19	FY20*	FY21*	Q1-FY22*
Operational Income	2,445	2,610	2,715	2,404	696
Total Expenses	2,333	2,386	2,482	2,231	715
EBITDA	112	224	233	173	(19)
<i>EBITDA Margins (%)</i>	<i>4.58%</i>	<i>8.58%</i>	<i>8.58%</i>	<i>7.20%</i>	<i>NA</i>
Other Income	48	12	11	53	155
Depreciation	55	57	113	104	24
Finance Costs	30	27	35	23	2
PBT	75	152	96	99	110
Tax	8	51	34	25	11
Profit After tax	67	101	62	74	99
<i>PAT Margins (%)</i>	<i>2.74%</i>	<i>3.87%</i>	<i>2.28%</i>	<i>3.08%</i>	<i>14.22%</i>
Other Comprehensive Income	1	8	19	(3)	2
Total Comprehensive Income	68	109	81	71	101
Diluted EPS (INR)	4.07	6.17	3.76	4.35	5.78

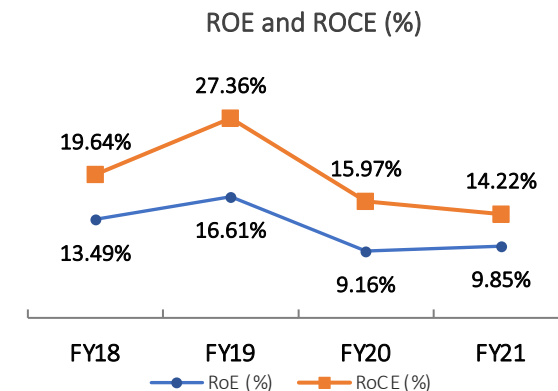
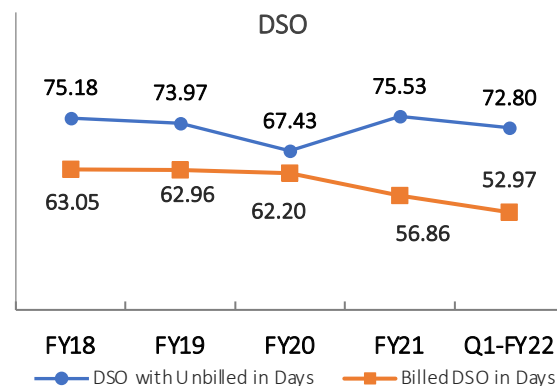
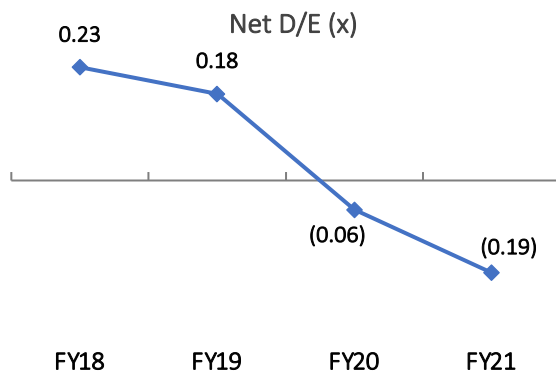
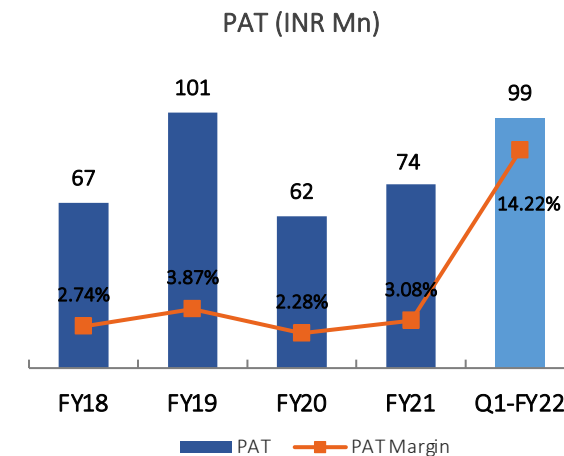
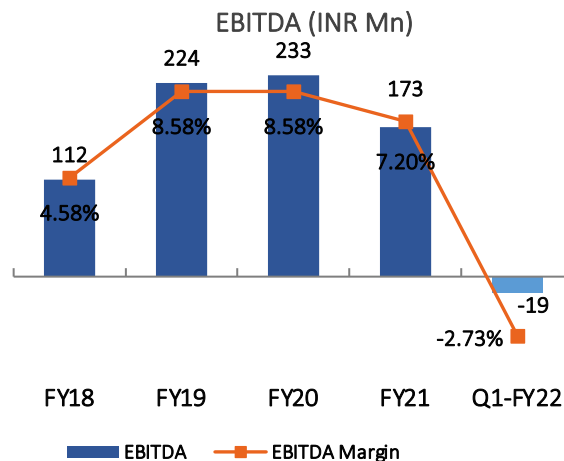
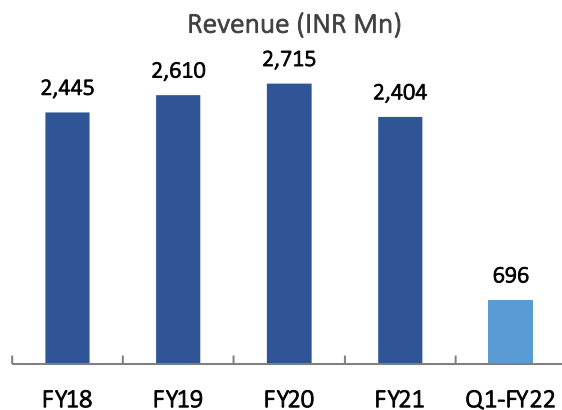
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Historical Consolidated Balance Sheet

Particulars (INR Mn)	FY19	FY20	FY21
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	98	80	171
Intangible assets	57	41	39
Intangible assets under development	2	-	1
Right of use asset	-	159	88
Financial Assets			
(i) Loans	29	30	31
Deferred tax assets	17	28	33
Income tax assets (net)	158	193	111
Other non-current assets	6	2	-
Sub Total Non Current Assets	367	533	474
Current Assets			
Financial Assets			
(i) Trade Receivables	489	498	408
(ii) Cash & cash equivalents	43	178	285
(iii) Bank balance other than above	8	44	9
(iv) Contract assets	86	42	134
(v) Other financial assets	11	1	2
Income tax assets (net)	19	-	-
Other Current Assets	44	65	64
Sub Total Current Assets	700	828	902
TOTAL ASSETS	1,067	1,361	1,376

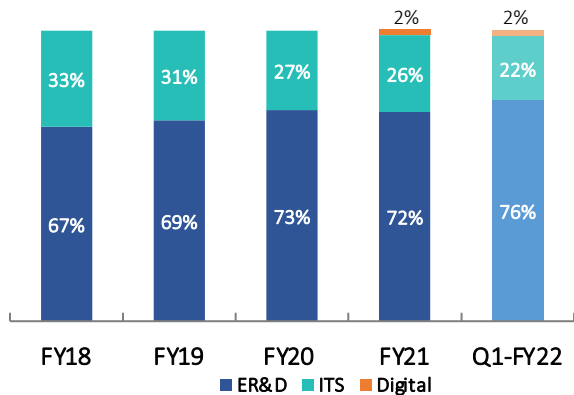
Particulars (INR Mn)	FY19	FY20	FY21
EQUITY AND LIABILITIES			
Equity			
Share Capital	158	160	163
Other Equity	452	520	581
Total Equity	610	680	744
Non Current Liabilities			
(i) Borrowings	6	-	6
(ii) Lease liabilities	-	109	55
Employee benefit obligations	34	25	48
Deferred tax liabilities	5	7	-
Sub Total Non Current Liabilities	45	141	109
Current Liabilities			
(i) Borrowings	155	181	146
(ii) Trade Payables	61	76	72
(iii) Other Financial Liabilities	141	133	151
(iv) Lease Liabilities	-	57	43
Provisions	10	21	14
Income tax liabilities	-	5	-
Contract liabilities	1	5	30
Other current liabilities	44	62	67
Sub Total Current Liabilities	412	540	523
Sub Total Liabilities	457	681	632
TOTAL EQUITY AND LIABILITIES	1,067	1,361	1,376

Consolidated Financial Highlights

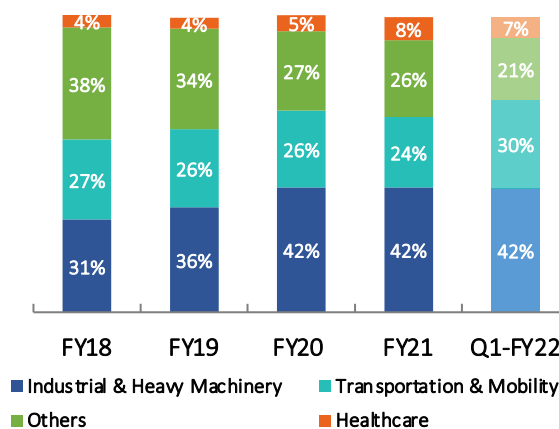


Key Metrics (Consolidated)

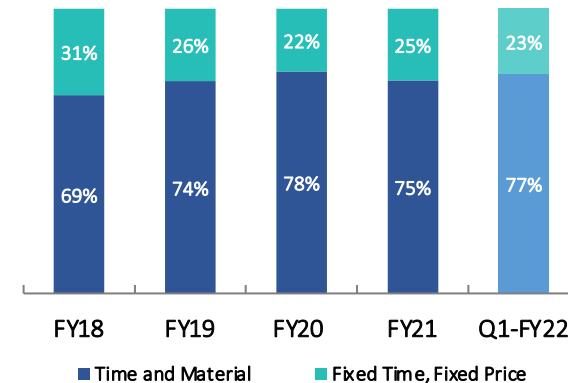
Revenue by Business



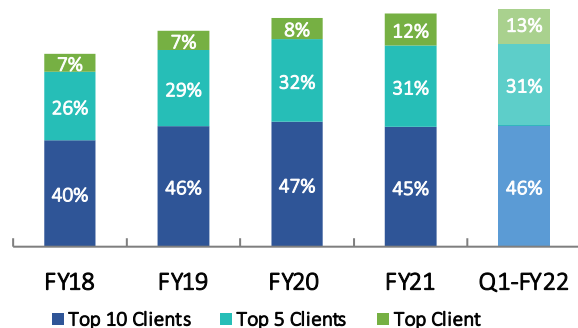
Revenue by Industry



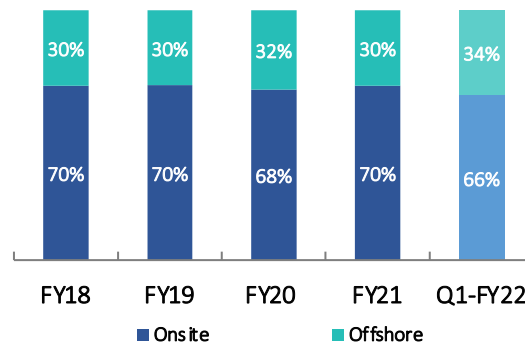
Revenue by Contract Type



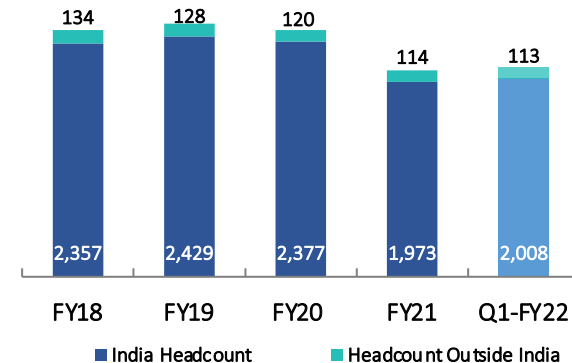
Revenue by Client



Revenue Mix



Employees Metrics



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