Onward Technologies Limited
BSE: 517536, NSE: ONWARDTEC
Q3 and 9M FY20 Earnings Presentation

CREATING A STRONGER FUTURE TOGETHER

Engineering Services
Product Sales & Support
IT Consulting Services
Staffing Services
About Us
Onward Technologies: At a Glance

- Established in the Year 1991
- One of the Pioneers in Engineering Design Services and IT Consulting from India

Legacy
Founder of Onward Technologies, Mr. Harish Mehta, co-founded NASSCOM, the leading trade association of Indian IT and BPO Industry

Flexible Business Model
Engineering excellence centre
Customised solutions
Onsite consultancy

Execution Capabilities
8,500+ Projects Delivered
50 Million Hours of engineering work

Client Pedigree
Fortune 1,000 companies

Employee Strength
+2,500 employees
~50% Mechanical engineers

Key Financial Metrics
5 year Revenue CAGR: 9%
5 year PAT CAGR: 167%
FY19 ROE: 18.3%, ROCE: 20.8%

ISO 9001:2015
ISO 27001:2013
Mission, Vision and Core Values

**Mission**

Onward delights the customers by relentlessly driving technological advancements and innovation that become essential to stay ahead of the competition at affordable cost.

**Vision**

To achieve sustained leadership position in providing superior engineering services to global manufacturing companies cutting their time-to-market, with substantial cost savings.

**Core Values**

Onward has 4 core values, Trust, Confidentiality, Accountability, Integrity that are embedded in its DNA, providing quality service to its customers or employees.
Business Snapshot

**What we do**
- Engineering Services
- IT Services

**Industries we serve**
- Automotive
- Aerospace
- Off - Highway
- Industrial
- Auto Electric
- Heavy Engg.
- Locomotive
- Consumer & Healthcare

**Growth Opportunities**
- Product Lifecycle Management (PLM)
- Internet of Things (IoT)
- Analytics
- Artificial Intelligence (AI)
- Robotic Process Automation (RPA)
- Machine Learning
Global Footprint

INFRASTRUCTURE

- Secure Environment
- Over 100,000+ sq. ft. of Design & Delivery Centers
- Business Continuity and Back-up Redundancy
- Strong Ecosystem for Scanning, Prototyping, Testing and Manufacturing Support
- Dedicated Line for Data Transfer
- Video Conferencing Facility

Onward Technologies Offices

USA
- Chicago, Detroit and Cleveland

UK
- Birmingham

Germany
- Frankfurt

India
- Mumbai, Pune and Chennai

Pune Office
Key Clientele

- A leading American Heavy Equipment Manufacturer
- A leading German Auto Carmaker
- A leading British Equipment Manufacturer
- A leading Global Pharma Company
- A Global Digital Leader and Supplier to Heavy Industries
- A major Swiss Manufacturer of Escalators and Elevators
- A leading Manufacturer of Engines and Generators for Automobile Sector
- A leading British Luxury Carmaker

12 offices worldwide, 15+ excellence centres catering to Fortune 1000 companies
Board of Directors

HARISH MEHTA
EXECUTIVE CHAIRMAN

JIGAR MEHTA
MANAGING DIRECTOR

PRANAY VAKIL
DIRECTOR

NANDKUMAR PRADHAN
DIRECTOR

PRACHI MEHTA
DIRECTOR

RAHUL RATHI
DIRECTOR

PARISH MEGHANI
DIRECTOR
Management Team

Jigar Mehta
Managing Director
Experience: ~17 years
Education: B.B.A. (Boston University)

CA Devanand Ramandasani
Chief Financial Officer
Experience: ~15 years
Education: Chartered Accountant

Pratish Mehta
SVP – US Operations
Experience: ~14 years
Education: B.E. (Electronics and Telecom.)

Satish Ramanan
SVP and Head – IT Services
Experience: ~31 years
Education: M.Com., M.B.A.

CA Devanand Ramandasani
Chief Financial Officer
Experience: ~15 years
Education: Chartered Accountant

Vignesh Kumar
EVP and Head - EDS
Experience: ~25 years
Education: B.E., M.B.A.

Sujata Singh
SVP and Global Head - HR
Experience: ~21 years
Education: M.B.A.
Investing in Talent

- Focus on bringing on board **top experts** with **diverse and rich experience across domains**
- Business heads and team members to take **ownership** of deliverables
- **Agile workforce** to meet dynamic needs of clients
- **Re-skill** to tap into **lucrative business** opportunities
- **Optimize teams** to build a lean and productive organization
Digital Transformation Market

Digital Transformation Market Size (USD Bn.)

- **2018**: 290
- **2023**: 665
- **18.1% CAGR**

**Key Drivers**
- Rise in Mobile devices and Apps
- Higher IoT penetration
- Cloud services
- Need to improve operational performance

**End User Industry**
- Automotive
- Aerospace and Defence
- Pharmaceuticals
- Consumer
- Healthcare
- Electrical and Electronics

**Source**: “Digital Transformation Market by Technology, Deployment type, Business Function, Vertical (Retail, Education), and Region - Global Forecast to 2023”, published by MarketsandMarkets
Global Engineering R&D Spend Landscape

Global ER&D Spend (USD Bn.)

2013: 1,058
2018: 1,228
2023E: 1,722

Digital Engineering spend drivers:

- Customer Experience led **Software Platform** deals
- **Digital Product Development** (Connected Asset Management/Predictive maintenance)
- **IoT** Platform Engineering and Integration
- **API** Economy
- **Legacy migration** and modernization
- Operations/Product Support (**Analytics**, **V&V**, etc.)

Digital Engineering Spend to account for ~37% of ER&D spend by 2023

Source: Zinnov Z1000 database, Zinnov Research & Analysis
// Business Overview
Our Offerings

Engineering Services
- New Product Development
- Value Engineering
- Manufacturing Engineering
- CAE Simulation
- Sustenance Engineering
- Electrical and Electronics
- Technical Publication
- Product Lifecycle Management
- Embedded Systems (ADAS, DIS, Autosar)

IT Services
- Enterprise SW/Application Development and Maintenance
- Embedded Products and Systems (HW, SW, Realtime)
- Data Management & Analytics (DW/BI, Big Data, Open Source)
- Data Science & Transformation Technologies (AI/ML, IoT, Cloud, RPA)
- Enterprise Managed Services (Platforms, Infra, Apps, DB)

Objective >>> Leverage Core Engineering + Advanced IT Capabilities >>> Digital Transformation for Clients
## Core Engineering Capabilities

<table>
<thead>
<tr>
<th>1 Auto-embedded/ Electronics</th>
<th>2 Product Design</th>
<th>3 Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Navigation &amp; Connectivity</td>
<td>- Project Scoping</td>
<td>- BIW Fixture design</td>
</tr>
<tr>
<td>- HMI, Head-Unit &amp; Infotainment</td>
<td>- Benchmarking</td>
<td>- Weld Fixture design</td>
</tr>
<tr>
<td>- Lighting, Seat, Keyless entry</td>
<td>- Concept design engineering</td>
<td>- Line Automation</td>
</tr>
<tr>
<td>- EMS/BMS</td>
<td>- Design Feasibility</td>
<td>- SPM design</td>
</tr>
<tr>
<td>- EV-Motor/Gen./ Trans. Control</td>
<td>- Prototyping</td>
<td>- Robotics Engineering</td>
</tr>
<tr>
<td>- ABS, ESP, ESC, Suspension/ Steering, EPAS</td>
<td>- Manufacturing drawing</td>
<td>- Industrial Engineering</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4 FEA/CFD</th>
<th>5 Technical Publications</th>
<th>6 Should costing and VAVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Meshing</td>
<td>- Technical Authoring</td>
<td>- Product Costing</td>
</tr>
<tr>
<td>- Structural &amp; Thermal FEA</td>
<td>- Illustrations</td>
<td>- Part Redesign</td>
</tr>
<tr>
<td>- Durability &amp; Fatigue</td>
<td>- Animation</td>
<td>- Weight Optimization</td>
</tr>
<tr>
<td>- Crash Analysis</td>
<td>- App development</td>
<td>- Alternate Material</td>
</tr>
<tr>
<td>- NVH Analysis</td>
<td>- Translations</td>
<td>- Process Re-Engineering</td>
</tr>
<tr>
<td>- CFD Analysis</td>
<td></td>
<td>- Reverse Engineering</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Standardization</td>
</tr>
</tbody>
</table>
IT Services Capabilities

1. **App Development & Maintenance**
   - Developing New Applications
   - Full Fledged ERP for the Primary Agricultural Society (PACS)
   - ERP for Textile Industry
   - Web Centric Application for Financial Services
   - Point of Sales
   - Production Management System
   - Custom Software development

2. **Enterprise Managed Services**
   - Microsoft
   - Oracle
   - AP
   - Open Source
   - Infosys - Finacle
   - Customer Relationship Management (CRM)
   - Supply Chain Management (SCM)
   - Data Warehousing
   - Business Intelligence Services

3. **Embedded Products and Systems**
   - Hardware Engineering
   - Firmware & S/W Engineering
   - New Product Development
   - Obsolescence Management
   - Engineering
   - S/W - Health Monitoring System

4. **Social Mobility Analytics Cloud (SMAC)**
   - Infrastructure Management Services
   - Consulting
   - Cloud
   - Software Development / Mobile Apps Development
   - Software Testing
   - Big Data Analytics

5. **Digital Transformation (Internet of Things)**
   - Connected Products
   - Connected Healthcare
   - Digital Manufacturing
   - Remote Monitoring
   - Smart Cities
Digital Platform for Clients

Convergence of Engineering and IT Capabilities >> Transformational Digital Solutions across the spectrum
// Strategy and Outlook
Growth Drivers

New Capabilities
- Focus on newly established capabilities in Digital Transformation, Industrial IoT, and Industry 4.0
- Build capabilities in sector agnostic practices

Higher Revenues
- Increase wallet share of existing clients
- 70% revenues from Top 20 clients. Balance from new deals
- Technical collaborations & partnerships
- M&A – capability acquisition strategy

Margin Expansion
- Higher margin paying practices in EDS and Digital ER&D suite
- Strict focus on further improvement of bottom line

International Business
- Increase share of overseas business from well established US, UK, and Germany offices
- Robust pipeline for new deals with Global 1000 companies
Onward Technologies: Key Differentiators

Right size organization to provide **Stability** as well as **responsiveness** with executive attention.

Proven expertise in delivering Engineering Services and IT Solutions to **Global 1000 companies**.

A capable leadership to **guide | mentor** provide maturity and ensure success.

Ability to **ramp-up on-demand across the globe** on a short notice.

Flexible business and engagement model to provide **agility and cost effectiveness**.

Exclusive focus on design thinking, **digital transformation** and **product engineering**.
// Quarterly Highlights
Consolidated Financial Summary – 9M FY20

Focus on Improving Operating Profitability >>> EBITDA up ~41% in 9M FY20

*EBITDA = PBT + Interest + Depreciation – Other Income
Focus on Improving Operating Profitability >>> EBITDA up ~54% in Q3 FY20

*EBITDA = PBT + Interest + Depreciation – Other Income
Note: Post transition to INDAS 116, PBT and PAT are impacted due to higher Finance Cost, which also includes items not attributed to borrowings. Details on slide number 25.
# Consolidated Profit and Loss Statement

<table>
<thead>
<tr>
<th>Details (Rs. Mn.)</th>
<th>Q3 FY20</th>
<th>Q3 FY19</th>
<th>YoY (%)</th>
<th>9M FY20</th>
<th>9M FY19</th>
<th>YoY (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from operations</td>
<td>697.0</td>
<td>639.8</td>
<td>8.9%</td>
<td>2,059.6</td>
<td>1,953.5</td>
<td>5.4%</td>
</tr>
<tr>
<td>Cost of Income from Operations</td>
<td>533.7</td>
<td>482.8</td>
<td></td>
<td>1,554.2</td>
<td>1,445.6</td>
<td></td>
</tr>
<tr>
<td>Cost of Income from Operations (%)</td>
<td>76.6%</td>
<td>75.5%</td>
<td>111 bps</td>
<td>75.5%</td>
<td>74.0%</td>
<td>146 bps</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>87.8</td>
<td>107.9</td>
<td></td>
<td>265.6</td>
<td>338.0</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>75.5</td>
<td>49.1</td>
<td>53.6%</td>
<td>239.7</td>
<td>169.9</td>
<td>41.1%</td>
</tr>
<tr>
<td>EBITDA Margin (%)</td>
<td>10.8%</td>
<td>7.7%</td>
<td>315 bps</td>
<td>11.6%</td>
<td>8.7%</td>
<td>294 bps</td>
</tr>
<tr>
<td>Depreciation and Amortisation</td>
<td>28.6</td>
<td>14.7</td>
<td></td>
<td>86.2</td>
<td>43.5</td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>46.9</td>
<td>34.4</td>
<td>36.2%</td>
<td>153.5</td>
<td>126.4</td>
<td>21.4%</td>
</tr>
<tr>
<td>EBIT Margin (%)</td>
<td>6.7%</td>
<td>5.4%</td>
<td>134 bps</td>
<td>7.5%</td>
<td>6.5%</td>
<td>98 bps</td>
</tr>
<tr>
<td>Finance Costs</td>
<td>8.3</td>
<td>6.4</td>
<td></td>
<td>26.7</td>
<td>19.6</td>
<td></td>
</tr>
<tr>
<td>Other Income</td>
<td>2.5</td>
<td>13.0</td>
<td></td>
<td>8.4</td>
<td>3.2</td>
<td></td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>41.1</td>
<td>41.0</td>
<td>0.3%</td>
<td>135.2</td>
<td>110.0</td>
<td>22.9%</td>
</tr>
<tr>
<td>PBT Margin (%)</td>
<td>5.9%</td>
<td>6.4%</td>
<td>(51) bps</td>
<td>6.6%</td>
<td>5.6%</td>
<td>93 bps</td>
</tr>
<tr>
<td>Tax Expenses</td>
<td>12.5</td>
<td>11.6</td>
<td></td>
<td>43.0</td>
<td>40.7</td>
<td></td>
</tr>
<tr>
<td>Effective Tax Rate (%)</td>
<td>30.5%</td>
<td>28.4%</td>
<td></td>
<td>31.8%</td>
<td>37.0%</td>
<td></td>
</tr>
<tr>
<td>Net Profit</td>
<td>28.6</td>
<td>29.4</td>
<td>(2.6)%</td>
<td>92.2</td>
<td>69.3</td>
<td>33.0%</td>
</tr>
<tr>
<td>Net Profit Margin (%)</td>
<td>4.1%</td>
<td>4.6%</td>
<td>(49) bps</td>
<td>4.5%</td>
<td>3.5%</td>
<td>93 bps</td>
</tr>
<tr>
<td>Basic EPS (Rs.)</td>
<td>1.8</td>
<td>1.9</td>
<td>(4.3)%</td>
<td>5.8</td>
<td>4.4</td>
<td>30.8%</td>
</tr>
</tbody>
</table>

**Notes:**
- During the quarter and Nine months ended December 31, 2019, the Company has issued 45,100 and 218,200 equity shares following the exercise of stock options by certain employees (including employees of subsidiary company) under the ESOP scheme, 2009.
- **Onward eServices Limited is debt free.** Due to transition to INDAS 116 the nature of expenses in respect of operating leases has changed from "lease rent" to "depreciation cost" and "finance cost" for the right to use assets and for interest accrued on lease liability respectively, and therefore these expenses for the current period are not comparable to the previous periods disclosed.
- Impact of adopting IND AS 116 has resulted in increase in finance costs by Rs 135.74 lakhs, increase in depreciation and amortisation expenses by Rs 461.46 lakhs and decrease in Other expenses by Rs 453.65 lakhs for the nine months ended December 31, 2019.“
// Financial Overview
P&L Performance Trend

In Rs. Million

Revenue

<table>
<thead>
<tr>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>9M FY19</th>
<th>9MFY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,235.6</td>
<td>2,444.6</td>
<td>2,595.0</td>
<td>1,953.5</td>
<td>2,059.6</td>
</tr>
</tbody>
</table>

EBITDA and EBITDA Margin

<table>
<thead>
<tr>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>9M FY19</th>
<th>9MFY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.0%</td>
<td>4.6%</td>
<td>8.1%</td>
<td>8.7%</td>
<td>11.6%</td>
</tr>
</tbody>
</table>

PBT and PBT Margin

<table>
<thead>
<tr>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>9M FY19</th>
<th>9MFY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.9%</td>
<td>3.1%</td>
<td>5.9%</td>
<td>5.6%</td>
<td>6.6%</td>
</tr>
</tbody>
</table>

PAT and PAT Margin

<table>
<thead>
<tr>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>9M FY19</th>
<th>9MFY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.8%</td>
<td>2.7%</td>
<td>3.9%</td>
<td>3.5%</td>
<td>4.5%</td>
</tr>
</tbody>
</table>
Key Metrics Trend

ROE (%)

<table>
<thead>
<tr>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>H1FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.0%</td>
<td>9.4%</td>
<td>10.5%</td>
<td>14.7%</td>
<td>18.3%</td>
<td>20.7%</td>
</tr>
</tbody>
</table>

Net Debt/Equity

<table>
<thead>
<tr>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>H1FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.7x</td>
<td>0.5x</td>
<td>0.4x</td>
<td>0.2x</td>
<td>0.2x</td>
<td>0.1x</td>
</tr>
</tbody>
</table>
Investor Snapshot

Market Data

<table>
<thead>
<tr>
<th></th>
<th>As on 23.01.2020 (BSE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Capitalisation</td>
<td>Rs. 1,066.8 mn</td>
</tr>
<tr>
<td>Market Capitalisation Free Float (~35%)</td>
<td>Rs. 373.4 mn</td>
</tr>
<tr>
<td>Price</td>
<td>Rs. 66.5</td>
</tr>
<tr>
<td>No. of shares outstanding</td>
<td>16.02 mn</td>
</tr>
<tr>
<td>52 week High – Low (Current Price % of high)</td>
<td>Rs. 79.0 - 45.6 (~84%)</td>
</tr>
<tr>
<td>FY19 P/E Multiple (x)</td>
<td>10.6x</td>
</tr>
<tr>
<td>Promoter Pledge</td>
<td>Nil</td>
</tr>
</tbody>
</table>

Shareholding Pattern (%)

- Promoters: 61.56%
- Public: 38.44%

Promoter Shareholding Trend (%)

<table>
<thead>
<tr>
<th></th>
<th>9MFY18</th>
<th>9MFY19</th>
<th>9MFY20</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>55.2%</td>
<td>59.2%</td>
<td>61.6%</td>
</tr>
</tbody>
</table>

Last One Year Share Price Performance

Rebased to Onward Technologies price

Onward Technologies 5.1%  BSE IT 9.9%
This presentation contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Onward Technologies future business developments and economic performance. While these forward-looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. Onward Technologies undertakes no obligation to publicly revise any forward-looking statements to reflect future / likely events or circumstances.
Onward Technologies Limited is a global player in Mechanical engineering design and IT consulting services. Onward offers a range of engineering design services including product design, engineering analysis, engineering documentation and maintenance, and manufacturing solutions, and training for automotive, off highway, aerospace, industrial equipment and consumer goods. The Company has its footprints with operations in India, North America, Germany & UK. Its global design & delivery centers are present in Pune, Chennai, Mumbai & Bangalore. OTL has grown to 2000+ employees globally servicing Fortune 1000 companies.