



Onward
TECHNOLOGIES
Your Imagination. Delivered to Perfection.™

H1 / Q2-FY22

EARNINGS PRESENTATION



Value Proposition of Onward Tech

The Power of One



- Agile, diverse, global team of 2250+ employees
- 13 Offices in 6 countries for customer proximity
- Capacity expansions based on Customer requirements planned in India centers in FY22



Digital play across all lines of business

- Mechanical Engineering
- Electronics and Embedded
- Digital Transformation
- Enterprise IT



2 Focused industry verticals

- Transportation & Mobility
- Industrial Equipment & Heavy Machinery
- Diversification and investment in 2 high-growth verticals: Healthcare & Medical Devices, Hi-Tech



Global 2000 customers

- 6 of global top-10 automotive companies
- 5 of global top-8 heavy machinery companies
- Strong customer base and relationships to fuel double digit growth in top line



Geared for double-digit growth

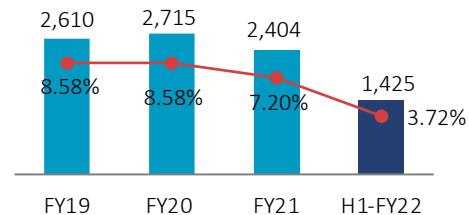
- Young leadership team from tier-1 companies
- Focused on growing existing top-25 accounts
- Margin expansion through India advantage (talent pyramid, costs)



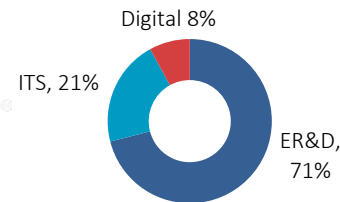
Strong Financial Turnaround

- Net debt-free, sound balance sheet & cash reserves
- 5-year PAT CAGR at 18.16%
- 6-year track-record of consistent dividend payout

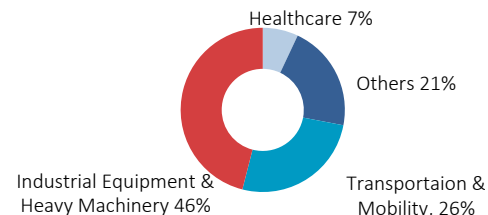
Revenue (INR Mn) & EBITDA Margin (%)



H1-FY22 Segmental Revenue



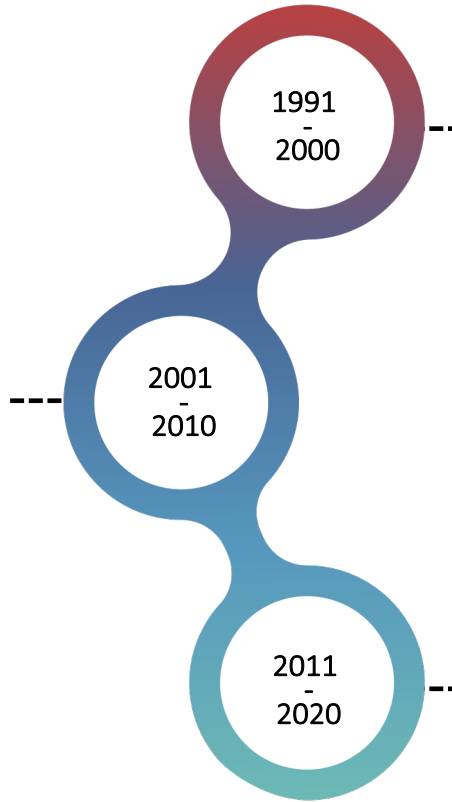
H1-FY22 Segmental Revenue





Who We Are – Some Key Milestones

- Pune city chosen for expanding operations
- Engineering Design Services became the mainstream focus of the company
- Built a dedicated ODC in Pune for one of the company's top 5 customers
- ISO 9001 and ISO 27001 certification for Pune Center
- Expansion in Europe by incorporating a wholly owned subsidiary in Germany & Branch office in UK



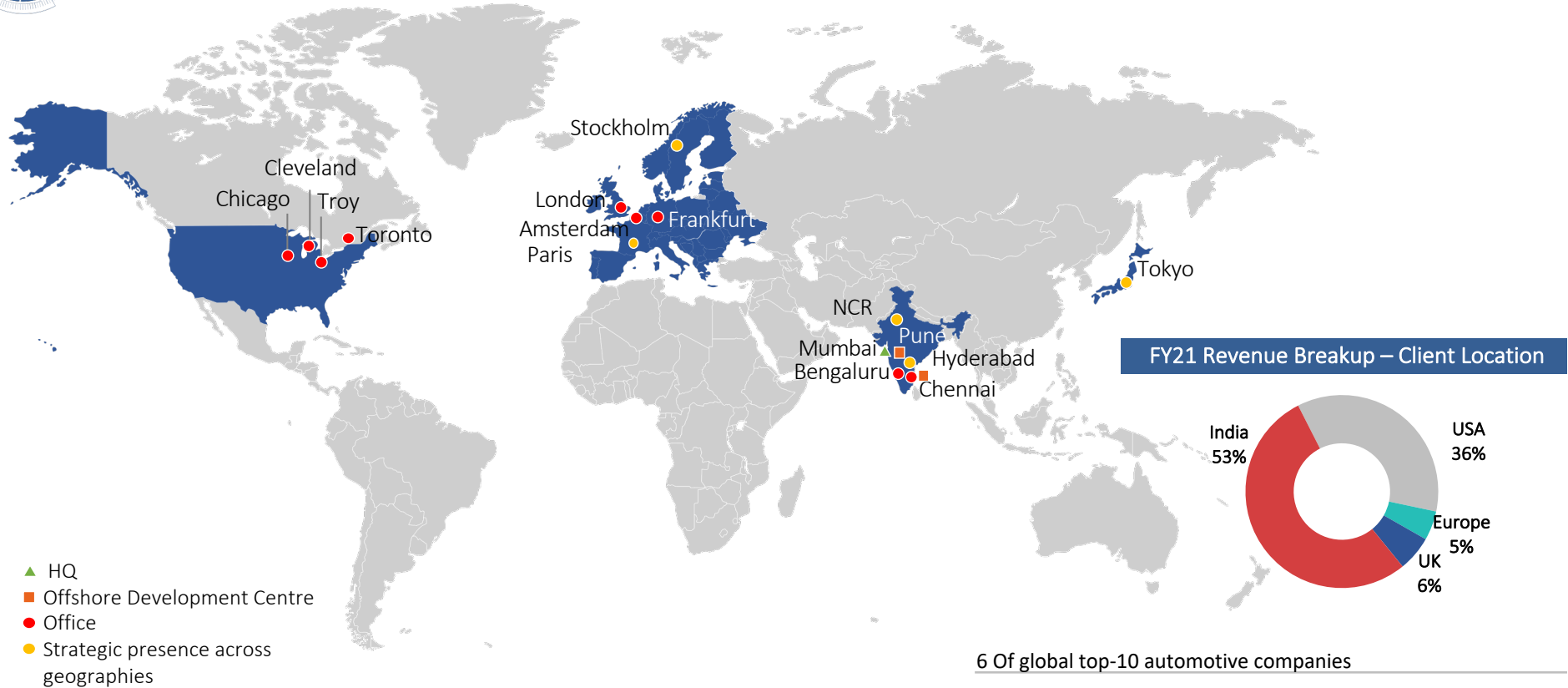
- Mr Harish Mehta founded Onward Technologies in 1991
- An independent 50:50 Joint Venture formed with Novell Inc (Onward Novell Pvt. Ltd).
- Listing on Stock Exchange in India in 1995
- Mr Harish Mehta awarded CEO of the year in 1996 by World HRD Congress in India
- Expanded footprint in North America by incorporating a wholly owned subsidiary in USA

- Mr Jigar Mehta appointed Managing Director in May 2016
- Set up multiple ODCs in Pune & Chennai for American & European clients
- Mr Harish Mehta awarded by Prime Minister Narendra Modi for his contributions to the IT Industry
- Investments made in Embedded & Electronics, and Digital capabilities
- Expansions planned in India (Bengaluru & NCR) as well as in North America & Europe





Strategic Presence Across Geographies



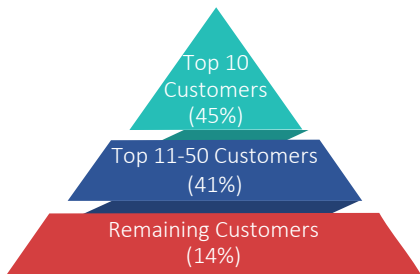
6 Of global top-10 automotive companies

5 Of global top-8 heavy machinery companies



Growth Strategy Enablers

FY 2021



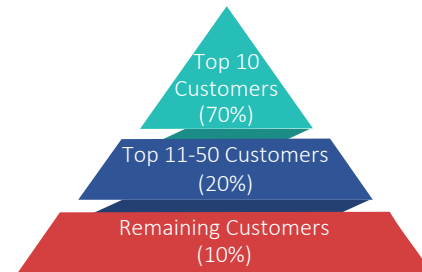
Pivot to digital engineering services

- Invested in the digital maturity curve of our customers
- See a clear roadmap of growth in digital budgets
- Witnessing a shift from POC to adoption at scale
- Core areas include Industry 4.0, AI/ML, ADAS, cloud and DevOps

Focused verticals and structured LOBs

- Leadership team with a strong experience across verticals
- Focus on Transportation & Mobility, Industrial Equipment & Heavy Machinery
- Hi-Tech, Healthcare & Medical Devices unlock new, high-growth areas
- Digital play across all lines of business

TARGET FY2025

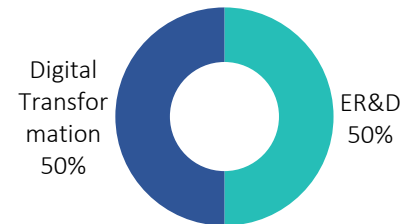
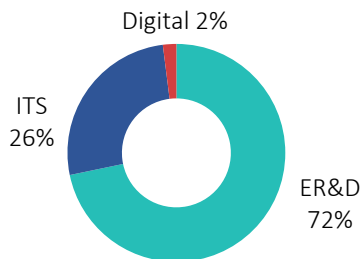


Growth in top-accounts

- Suitably positioned to scale up TCV from top-25 clients
- These accounts are part of Global 2000, projecting large R&D allocations
- Growth/technology-partner status is several accounts
- Focused on long-duration contracts, recurring revenues, consistent billing growth

People, policies, and performance

- Continue to upskill, hire the finest talent in digital engineering
- Agile operations with steadily increasing offshore leverage driving margin expansion
- HR policies, growth opportunities tuned to enhance career path
- Benefits aligned with industry standards





FINANCIAL OVERVIEW



H1 / Q2-FY22 Key Financial Highlights

Q2-FY22 Consolidated Financial Performance

INR 729 Mn

Revenue from Operations

INR 72 Mn

EBITDA

9.88%

EBITDA Margins

INR 56 Mn

PAT

7.68%

PAT Margins

INR 2.84 /Share

Diluted EPS

Q2-FY22 Standalone Financial Performance

INR 567 Mn

Revenue from Operations

INR 47 Mn

EBITDA

8.29%

EBITDA Margins

INR 31 Mn

PAT

5.47%

PAT Margins

INR 1.57 /Share

Diluted EPS

H1-FY22 Consolidated Financial Performance

INR 1,425 Mn

Revenue from Operations

INR 53 Mn

EBITDA

3.72%

EBITDA Margins

INR 154 Mn

PAT

10.81%

PAT Margins

INR 8.49 /Share

Diluted EPS

H1-FY22 Standalone Financial Performance

INR 1,083 Mn

Revenue from Operations

INR 53 Mn

EBITDA

4.89%

EBITDA Margins

INR 25 Mn

PAT

2.31%

PAT Margins

INR 1.36 /Share

Diluted EPS



H1 / Q2-FY22 Operational Highlights



- With an aggressive focus on execution, the company was able to deliver a 21% YoY growth in Revenues, while the absolute EBIDTA grew by 26% due to better utilisations.
- Steady Growth from Top 20 customers for Digital Engineering Services across Electronics/ Embedded, Mechanical Engineering & Enterprise IT Services.
- Added 10 large customers across 3 regions in the Transportation, Mobility & Industrial Equipment verticals.
- Other Income includes the ERC incentive received from the US entity of approximately INR 28 million pertaining to the previous financial year 20-21.
- Net Addition of 150 employees in Q2 across offices, taking the Global Headcount to 2271 employees.
- The company has signed an LOI to purchase 26,000 sq.ft of additional office space in Kharadi, Pune. This design centre will be home to 300+ offshore engineers supporting our USA & European customers. This centre is both ISO and TISAX certified.





Management Comments

Commenting on the performance of the Company, **Jigar Mehta – Managing Director** said *“I’m pleased with the overall team performance last quarter with record 21% YoY revenue growth. We were able to deliver continuous double-digit growth due to our focus on aligning our investments on strengthening our delivery capabilities for primary verticals Transportation, Mobility, Industrial Equipment & Heavy Machinery. From Q3, we are investing in hiring 400+ freshers in our offshore centers to expand our digital & embedded engineering capabilities with customized training programs focused on our OEM customer needs. We continue to witness strong demand for our services & capabilities and are positive on closing FY22 with record growth”*





Q2-FY22 Consolidated Income Statement (IND-AS)



Particulars (INR Mn)	Q2-FY22	Q2-FY21	Y-O-Y	Q1-FY22	Q-O-Q
Operational Income	729	602	21.10%	696	4.74%
Total Expenses	657	545	20.55%	715	(8.11)%
EBITDA	72	57	26.32%	(19)	NA
EBITDA Margins (%)	9.88%	9.47%	41 Bps	NA	NA
Other Income	41	8	NA	155	(73.55)%
Depreciation	25	27	(7.41)%	24	(4.17)%
Finance Costs	2	6	(66.67)%	2	NA
PBT	86	32	NA	110	(21.82)%
Tax	30	8	NA	11	NA
Profit After tax	56	24	133.33%	99	(43.43)%
PAT Margins (%)	7.68%	3.99%	369 Bps	14.22%	(654) Bps
Other Comprehensive Income	(1)	(4)	NA	2	NA
Total Comprehensive Income	55	20	NA	101	(45.54)%
Diluted EPS (INR)	2.84	1.45	95.86%	5.78	(50.87)%





H1-FY22 Consolidated Income Statement (IND-AS)


Particulars (INR Mn)	H1-FY22	H1-FY21	Y-O-Y
Operational Income	1,425	1,162	22.63%
Total Expenses	1,372	1,068	28.48%
EBITDA	53	94	(43.72)%
EBITDA Margins (%)	3.72%	8.10%	438 Bps
Other Income	196	11	NA
Depreciation	49	55	(11.77)%
Finance Costs	5	13	(60.60)%
PBT	195	37	NA
Tax	41	9	NA
Profit After tax	154	28	NA
PAT Margins (%)	10.81%	2.42%	849 Bps
Other Comprehensive Income	1	(3)	NA
Total Comprehensive Income	155	25	NA
Diluted EPS (INR)	8.49	1.68	NA





Q2-FY22 Standalone Income Statement (IND-AS)

Particulars (INR Mn)	Q2-FY22	Q2-FY21	Y-O-Y	Q1-FY22	Q-O-Q
Operational Income	567	423	34.04%	516	9.88%
Total Expenses	520	361	44.04%	511	1.76%
EBITDA	47	62	(24.19)%	5	NA
EBITDA Margins (%)	8.29%	14.66%	(637) Bps	0.97%	732 Bps
Other Income	19	29	(34.48)%	10	90.00%
Depreciation	22	24	(8.33)%	22	NA
Finance Costs	2	5	(60.00)%	2	NA
PBT	42	62	(32.26)%	(9)	NA
Tax	11	14	(21.43)%	(2)	NA
Profit After tax	31	48	(35.42)%	(7)	NA
PAT Margins (%)	5.47%	11.35%	(588) Bps	NA	NA
Other Comprehensive Income	(1)	1	NA	-	NA
Total Comprehensive Income	30	49	(38.78)%	(7)	NA
Diluted EPS (INR)	1.57	3.58	(56.15)%	(0.37)	NA



H1-FY22 Standalone Income Statement (IND-AS)

Particulars (INR Mn)	H1-FY22	H1-FY21	Y-O-Y
Operational Income	1,083	805	34.53%
Total Expenses	1,030	704	46.31%
EBITDA	53	101	(47.52)%
EBITDA Margins (%)	4.89%	12.55%	(766) Bps
Other Income	29	36	(19.44)%
Depreciation	44	50	(12.00)%
Finance Costs	4	11	(63.64)%
PBT	34	76	(55.30)%
Tax	9	17	(47.06)%
Profit After tax	25	59	(57.60) %
PAT Margins (%)	2.31%	7.33%	(502) Bps
Other Comprehensive Income	(1)	1	NA
Total Comprehensive Income	24	60	(60.00)%
Diluted EPS (INR)	1.36	3.56	(61.8)%



HISTORICAL FINANCIAL OVERVIEW



Historical Consolidated Profit & Loss



Particulars (INR Mn)	FY19	FY20*	FY21*	H1-FY22
Operational Income	2,610	2,715	2,404	1,425
Total Expenses	2,386	2,482	2,231	1,372
EBITDA	224	233	173	53
EBITDA Margins (%)	8.58%	8.58%	7.20%	3.72%
Other Income	12	11	53	196
Depreciation	57	113	104	49
Finance Costs	27	35	23	5
PBT	152	96	99	195
Tax	51	34	25	41
Profit After tax		62	74	154
PAT Margins (%)	3.87%	2.28%	3.08%	10.81%
Other Comprehensive Income	8	19	(3)	1
Total Comprehensive Income	109	81	71	155
Diluted EPS (INR)	6.17	3.76	4.35	8.49

* 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)	FY19	FY20	FY21	H1-FY22
ASSETS				
Non-Current Assets				
Property, Plant & Equipment	98	80	171	174
Intangible assets	57	41	39	33
Intangible assets under development	2	-	1	
Right of use asset	-	159	88	86
Financial Assets				
(i) Loans	29	30	31	31
Deferred tax assets	17	28	33	36
Income tax assets (net)	158	193	111	147
Other non-current assets	6	2	-	-
Sub Total Non Current Assets	367	533	474	507
Current Assets				
Financial Assets				
(i) Investment			1	143
(ii) Trade Receivables	489	498	408	454
(iii) Cash & cash equivalents	43	178	285	362
(iv) Bank balance other than above	8	44	9	9
(v) Contract assets	86	42	134	153
(vi) Other financial assets	11	1	1	4
Income tax assets (net)	19	-	-	-
Other Current Assets	44	65	64	61
Sub Total Current Assets	700	828	902	1,186
TOTAL ASSETS	1,067	1,361	1,376	1,693

Particulars (INR Mn)	FY19	FY20	FY21	H1-FY22
EQUITY AND LIABILITIES				
Equity				
Share Capital	158	160	163	176
Other Equity	452	520	581	950
Total Equity	610	680	744	1,126
Non Current Liabilities				
(i) Borrowings	6	-	6	6
(ii) Lease liabilities	-	109	55	55
Provisions	34	25	48	48
Deferred tax liabilities	5	7	-	27
Sub Total Non Current Liabilities	45	141	109	136
Current Liabilities				
(i) Borrowings	155	181	146	1
(ii) Trade Payables	61	76	72	89
(iii) Other Financial Liabilities	141	133	151	172
(iv) Lease Liabilities	-	57	43	41
Provisions	10	21	14	20
Income tax liabilities	-	5	-	
Contract liabilities	1	5	30	34
Other current liabilities	44	62	67	74
Sub Total Current Liabilities	412	540	523	431
Sub Total Liabilities	457	681	632	567
TOTAL EQUITY AND LIABILITIES	1,067	1,361	1,376	1,693



Historical Standalone Profit & Loss



Particulars (INR Mn)	FY19	FY20*	FY21*	H1-FY22
Operational Income	1,182	1,806	1,727	1,083
Total Expenses	1,032	1,660	1,531	1,030
EBITDA	150	145	196	53
EBITDA Margins (%)	12.69%	8.03%	11.35%	4.89%
Other Income	50	65	85	29
Depreciation	48	102	93	44
Finance Costs	21	33	21	4
PBT	131	75	167	34
Tax	37	21	40	9
Profit After tax	94	54	127	25
PAT Margins (%)	7.95%	2.99%	7.35%	2.31%
Other Comprehensive Income	(4)	3	1	(1)
Total Comprehensive Income	90	57	128	24
Diluted EPS (INR)	5.70	3.26	7.50	1.36

* 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	H1-FY22
ASSETS				
Non-Current Assets				
Property, Plant & Equipment	75	70	164	166
Intangible assets	56	41	39	33
Intangible assets under development	2	-	1	
Right of use asset	-	146	83	72
Financial Assets				
(i) Investments	388	121	121	136
(ii) Loans	20	29	-	-
(iii) Other Financial Assets			28	29
Deferred tax assets	5	27	23	32
Income tax assets (net)	101	193	111	146
Other non-current assets	4	1	-	-
Sub Total Non Current Assets	651	628	570	615
Current Assets				
Financial Assets				
(i) Investments			1	143
(ii) Trade Receivables	215	339	283	322
(iii) Cash & cash equivalents	21	75	119	158
(iv) Bank balance other than above	3	42	10	9
(v) Contract assets	36	32	127	167
(vi) Other financial assets	21	3	2	7
Other Current Assets	33	58	61	59
Sub Total Current Assets	329	549	602	865
TOTAL ASSETS	980	1,178	1,172	1,480

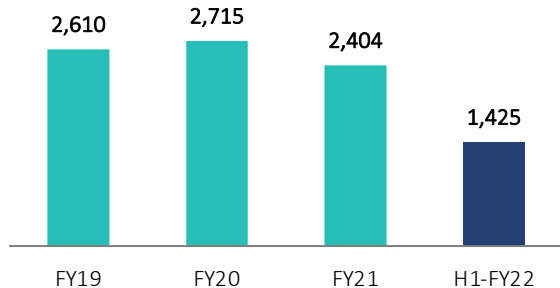
Particulars (INR Mn)	FY19	FY20	FY21	H1-FY22
EQUITY AND LIABILITIES				
Equity				
Share Capital	158	160	163	176
Other Equity	454	455	573	810
Total Equity	612	615	736	986
Non Current Liabilities				
(i) Borrowings	1	-	6	5
(ii) Lease liabilities	-	104	55	47
Employee benefit obligations	21	25	46	54
Sub Total Non Current Liabilities	22	129	107	106
Current Liabilities				
(i) Borrowings	161	68	-	1
(ii) Trade Payables	46	96	78	88
(iii) Other Financial Liabilities	79	92	126	131
(iv) Lease Liabilities	-	48	38	35
Provisions	9	20	11	10
Contract liabilities	24	58	28	82
Other current liabilities	27	52	48	41
Sub Total Current Liabilities	346	434	329	388
Sub Total Liabilities	368	563	436	494
TOTAL EQUITY and LIABILITIES	980	1,178	1,172	1,480



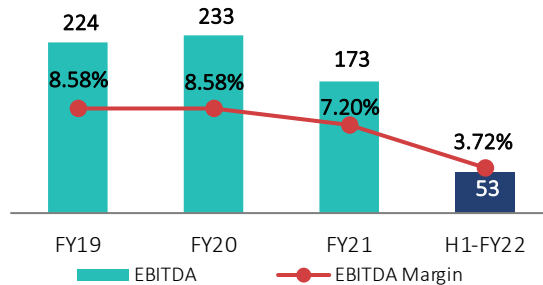


Consolidated Financial Highlights

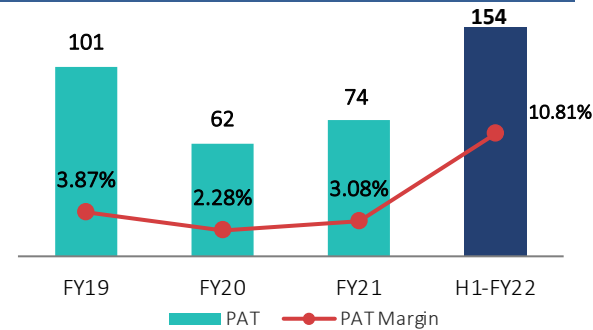
Revenue (INR Mn)



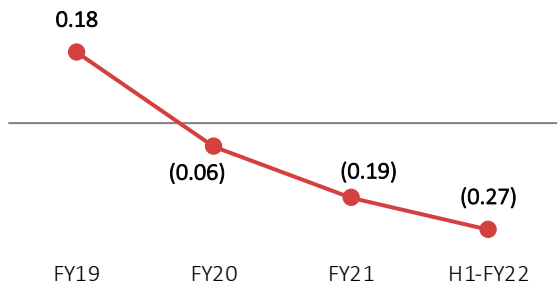
EBITDA (INR Mn)



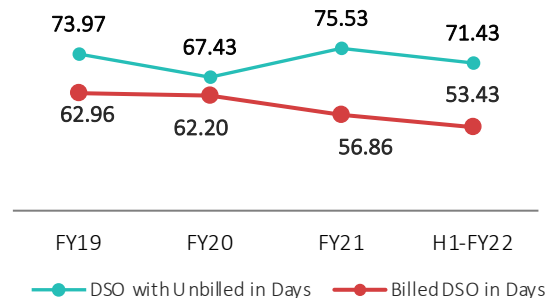
PAT (INR Mn)



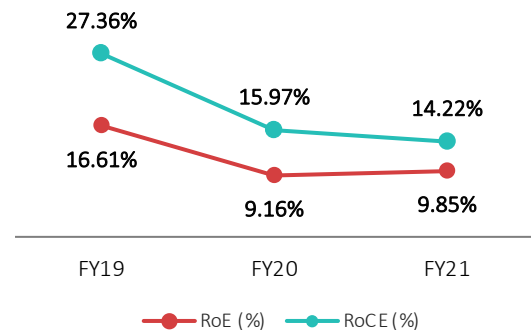
Net D/E (x)



DSO



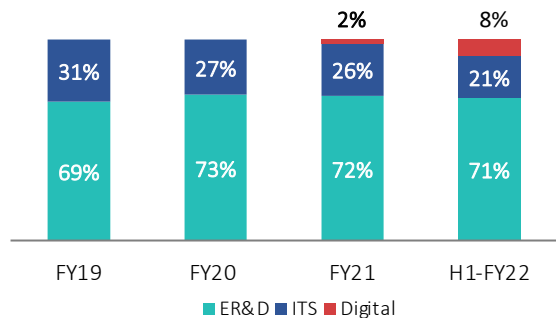
ROE and ROCE (%)



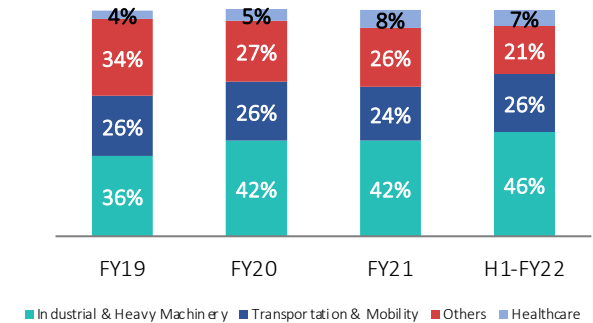


Revenue Metrics (Consolidated)

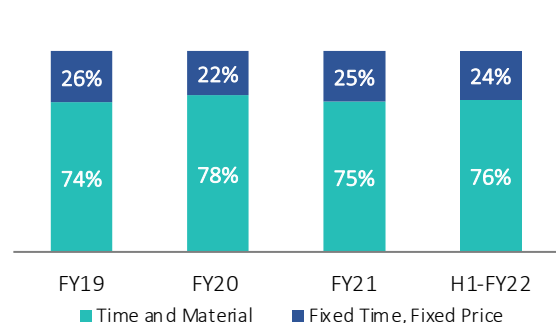
Revenue by Business



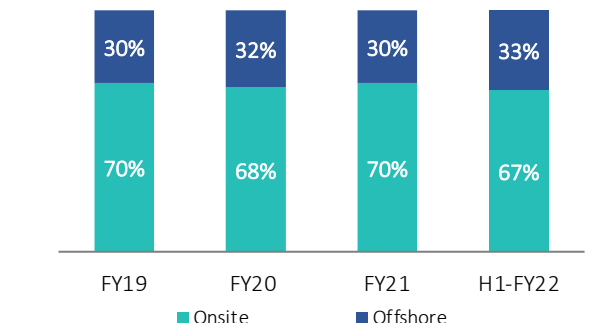
Revenue by Industry



Revenue by Contract Type



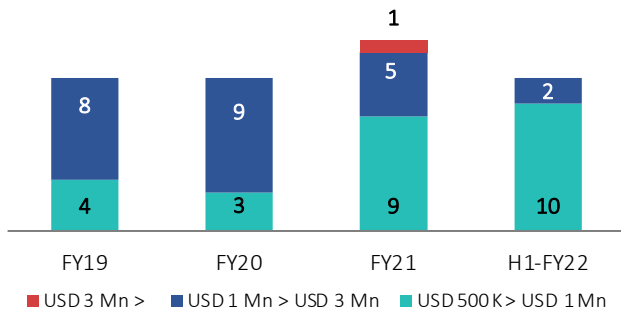
Revenue by Engagement Model



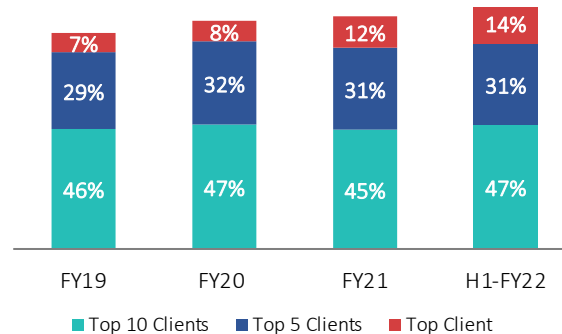


Customer Metrics (Consolidated)

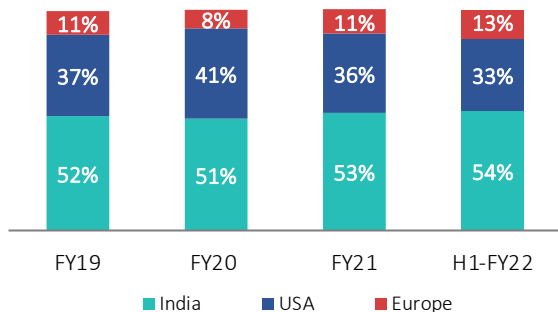
Client Deal Size Breakup



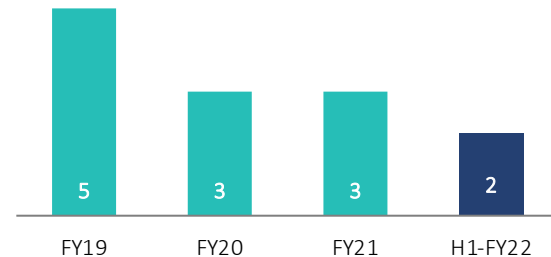
Revenue of Major Clients



Revenue by Client location



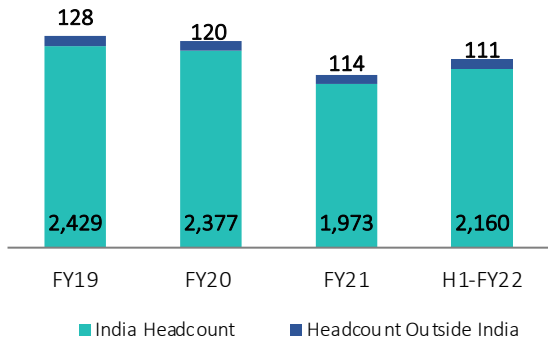
Strategic Global Customers Added



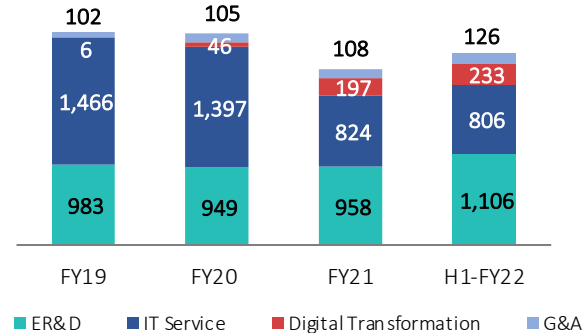


Employee Metrics (Consolidated)

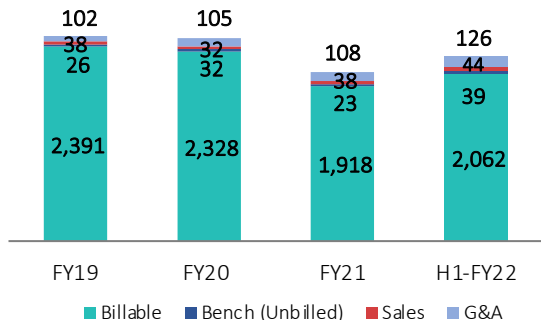
Headcount by Location



Headcount by Business



Headcount by Function





Hedging & Other Metrics

Other Ratios	FY19	FY20	FY21	H1-FY22
Carpet Area	70,873	71,948	65,285	65,285
Number of seats	889	906	847	847
PBT to Revenue%	5.82%	3.55%	4.08%	13.77%
Number of active clients	199	210	184	210

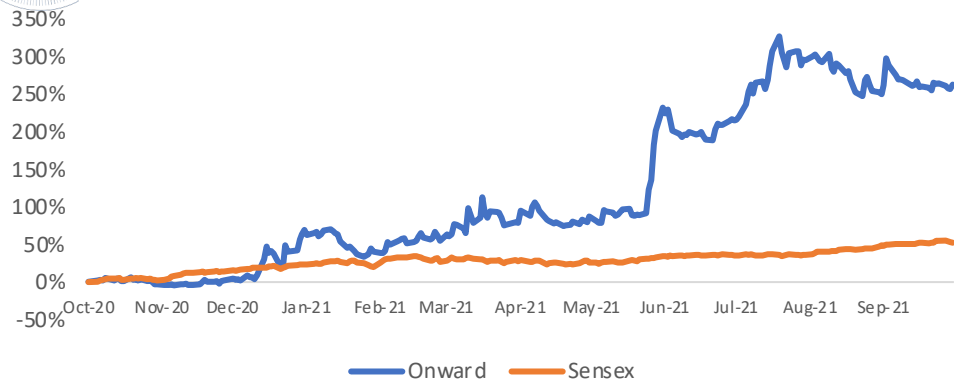
Hedging Details for H1-FY22*	Actual Hedge Rate	Hedge Amount (Mn)	Actual Rate Achieved	Gain Over 50% Hedge rate (INR, Lakh)
USD	74.48	1.77	74.55	1.04
EUR	88.77	0.51	88.03	(1.98)
GBP	101.82	0.54	102.77	4.40

*The performance is benchmarked against a 50% hedge rate - average of Day 1 forward rate and spot on maturity/current MTM for outstanding exposure.

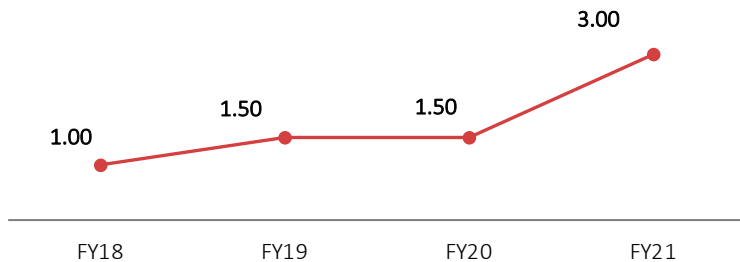




Capital Market Data



Dividend per Share (INR)

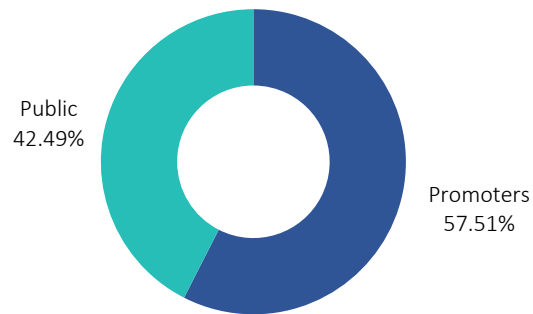


Price Data (As of 30th September 2021)*

Face Value	10.0
Market Price	230.3
52 Week H/L	283.8/57.6
Market Cap (INR Mn)	4,027.8
Equity Shares Outstanding (Mn)	17.4
1 Year Avg. Trading Volume ('000)	171.3
1 Year Avg. Net Turnover (Mn)	22.4

* Source: BSE and NSE

Shareholding Pattern (as on 30th September, 2021)





Disclaimer



Onward Technologies Limited

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