

Turning Challenges into Opportunities



The Onward Spirit

Change - as we all know - is the only

constant. The Onward Spirit has

enabled us to take every challenge and

convert it into an opportunity. We

therefore, at the dawn of the new

millennium, reiterate our

commitment to this spirit. The spirit

that makes turn around. That

motivates, acknowledges and

guides. Our performance. Our

Efficiency. Our business.

board of directors

Harish Mehta
Chairman & Managing Director
Shaila Mehta
Berjis Desai
Arun Meghani
Cowsy Wadia
Samir Desai

Certified True Copy

For ONWARD TECHNOLOGIES LTD.

Ph
AUTHORISED SIGNATORY

MANAGEMENT TEAM

Harish Mehta
Chairman & Managing Director
Ajit Chaphalkar
Chief Operations Officer
Vinayak Vaidya
Sr. Vice President
V.L. Shetty
Sr. Vice President
Hitendra Kale
General Manager - Finance & Legal

AUDITORS

Kirtane & Pandit
Chartered Accountants
31, Islam Building
46, Veer Nariman Road, Fort,
Mumbai - 400 023.

SOLICITORS

Udwadia, Udeshi & Berjis
324 Thomas Cook Bldg.,
3rd Floor, D. N. Road,
Fountain, Mumbai - 400 001

BANKERS

Bank of Baroda
Corporation Bank
Centurion Bank

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Shantmurli Holdings Limited
Onward Software Technologies Limited
Onward Technologies Inc., USA

REGISTERED OFFICE

Krislon House, 2nd Floor
Saki Vihar Road,
Saki Naka, Andheri (E),
Mumbai - 400 072.

SOFTWARE DEVELOPMENT CENTRE

Unit 152, SDF V, 1st Floor,
Seepz, Andheri (E),
Mumbai - 400 096.

REGISTRAR & SHARE TRANSFER AGENTS

Intime Spectrum Registry Pvt. Ltd.
260-A, Shanti Industrial Estate,
Sarojini Naidu Road, Mulund (W),
Mumbai - 400 080.



infinite growth opportunities

The growth trajectory at Onward is evident from its upward movement even in a challenging environment.

The internet and worldwide web have opened up Opportunities which are beyond anyone's imagination. The skills and expertise at Onward will leverage the enabling technologies and advantages of internet. After all, Onward is committed to provide a Competitive Edge to its customers in the field of Banking, Manufacturing, Process Engineering and Software Development and its Applications. Even the customers of Onward in these segments will be able to see infinitely growing opportunities. All the carefully chosen markets by Onward are poised to grow.



Comprehensive range of services

Onward's range of services are customer driven - and thus comprehensive.

At Onward, we strongly believe in multiplying available skill sets. The process of multiplication begin by systematic addition. Thus the sigma of skills, in a progressive manner, enable our customers to avail a range of services from a single source. We strongly believe in providing solutions, by taking a close look at the issues, in a comprehensive manner. The wide spectrum of activities, of our customers, drives us to provide cost effective SMART solutions through Professional Services.



integrated people power

Integration of knowledge, through people, is Onwards real cutting edge.

The true strength of Onward in Consulting and Professional Services lies in the Domain Knowledge. This Domain Knowledge in the areas of Banking, Engineering and Chemical Processes has delivered several success stories through integration of Software Technologies. Such successes are shared between the customer and Onward as true partners. It is the dedicated Engineers at Onward who with their wealth of experience deliver services, which customers actually need through integration of knowledge.

Directors report

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To,
The Members,

Your Directors have pleasure in presenting the Eighth Annual Report and the Audited Statement of Accounts of the Company for the year ended June 30, 1999.

1. FINANCIAL RESULTS :

	For the year Ended 30.6.99 (Rs. in lacs)	For the year Ended 30.6.98 (Rs. in lacs)
Sales and Other Income (Net)	3638.00	2684.40
Profit before Interest and Depreciation	660.12	270.96
Interest	303.73	144.11
Depreciation	223.94	95.74
Operating Profit	132.45	37.76
Preliminary Expenses written-off	6.66	6.66
Extraordinary Items/Prior Period Items	33.10	552.21
Provision for Taxation	Nil	Nil
Profit/(Loss) after Tax	92.69	(521.10)
Balance B/f from Previous year	Nil	388.43
Proposed Dividend	Nil	Nil
Transfer to General Reserve	92.69	Nil
Transfer from General Reserve	Nil	132.67
Balance carried forward	Nil	Nil

The Company's revenue during the year 1998-99 has grown, however, due to the transition in the business focus the figures of the current year are not comparable with those of the previous year. Your Directors would like to report that this remarkable turnaround is a result of actions initiated in the previous year.

2. DIVIDEND :

With a view to conserve resources of the Company for further growth, the Directors have

decided not to recommend any dividend for the year 1998-99 despite profits and cash generation.

3. COMPANY'S OPERATIONS :

It has been reported earlier that the business focus of the Company has moved towards providing knowledge based professional software services to its customers. Operations during the period of report have displayed this successful transition. The results indicate improvements in the



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profitability of these operations. The Company has successfully offered software services into vertical market segments where the Company enjoys a high reputation. The Company consolidated its operations in the Banking Solutions, Manufacturing Engineering Software Services, Process Engineering Solutions and Software Development and Consulting Services. The Company completed several off-shore projects from Europe and USA during this period. It can also be observed from the report, that the operations of its wholly owned subsidiary in USA, Onward Technologies Inc. (OTI) have expanded and the turnover has grown. The Company has set-up a branch office in U.K., which is now operational.

4. BUSINESS FOCUS :

As earlier reported the Company undertook a restructuring exercise in the previous year. The effects of restructuring were favourable and the results of the current year are a reflection of that exercise. At the same time, the Company brought about a strong focus on its business activities through Strategic Business Units (SBUs). As a result of our focus on the activities of each SBU, the Company was able to create several success stories in each of its vertical segments. The Management feedback on a few successes are enumerated –

Software Consulting for Manufacturing Engineering :

In the area of Manufacturing Engineering Software Services, Onward is now providing “end-to-end” Consulting which is domain knowledge based. The software services offered by Onward in this arena are the very ones which customers have been looking forward to. Onward has employed several high-end tools to define

Engineering parameters in the area of Design, Development and Manufacturing by helping the customers reduce their time to market. Onward completed prestigious projects for Design, Analysis and Manufacturability for global automation giants in record time. For another multinational client, Onward translated the concept of their product, into a real deliverable product in record time resulting in significant savings in costs. We continue to offer high-end knowledge based Consulting Professional Services to customers in India as well as in USA and Europe, whereby resulting in increased export earnings for the Company.

Software Consulting for Process Engineering :

Onward is a known leader for the past several years in the area of Simulation and Automation in the Process Engineering industry. We have broken our own records by creating new successes in the area of Process Design through Simulation Technology. We have now crossed our geographical boundaries to offer our expertise worldwide. Onward has successfully provided Consultancy for Application Development to several customers in the area of Chemical Production, Fertilizers, Petro-chemicals, Refineries etc. The knowledge based Consultancy included Process Design for Purification, Recovery Distillation Columns, Preparation of Design Data and Selection from Database etc. Our clientele have reported satisfaction and appreciation for the professional approach adopted by Onward. The success is repeated every time. Whether it is Process Simulation or control or Decision support system,

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customers from all over the world with a wide variety of challenges, are serviced on a round-the-clock basis generating further export revenues through services and projects.

Software for Banking :

Onward has been in the forefront in providing solutions to the Banking industry in India for the past several years. Our new products and solutions have helped a large number of branches of leading banks all over India, to provide benefits to their customers through Front Office Automation. Onward has now one more "First" to its credit in this field. The software product "Arthapranali" developed through Onward's inhouse R&D initiative offers "Multi-lingual" features to the total branch automation. For a large country with several languages as in India and to the millions of customers in our banks, this is a step in the right direction. "Arthapranali" is a result of countless man months of software development. The software has been launched in the first quarter of the current year. This is a true example of knowledge applied to software product development to benefit the 'customers of our customers'.

A common feature in all the success stories is "Domain Knowledge" of the industry possessed by Onward. It is people with domain knowledge who are making that critical difference and provide a differentiated service to our customers in India and abroad.

5. RESEARCH & DEVELOPMENT :

Your Company is already registered with DSIR, which is an offshoot under Ministry of Science

and Technology. Our R&D initially have brought out several software products, which are responsible for Banking Automation in India. The Company has delivered new versions and features for the existing products.

The Company is continuing its efforts to develop new software products for the Banking industry and significant work has already been done in the area of developing a software solution for workflow management to operate in the Networking environment. Through such creative software products, Onward is now poised to expand the levels of automation in the Banking industry.

6. CAPITAL EXPENDITURE :

During the year under review, the Company has incurred capital expenditure of Rs.3.99 crores on various on-going projects. The Company has plans to judiciously invest further amounts in setting up new software development centres as well as expanding and modernising the existing facilities.

7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

i) CONSERVATION OF ENERGY :

The operations of the Company involve only low energy consumption. Adequate measures have, however been taken to reduce energy consumption.

ii) TECHNOLOGY ABSORPTION

Research and Development

The convergence of Computer technology and Communication technology has opened excellent opportunities for development of software products/



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applications based on computer networks. As stated earlier, the Company has been accepted with an intrinsic R&D unit by the Govt. of India.

a) Specific areas for R&D at Onward Technologies Ltd.

R&D activities in 1998-99 mainly concentrated on Banking Application products..

b) Benefits derived as a result of R&D effort

Availability of advanced technology based products for Banks leads to significant reduction in investment required for computerisation, and an overall faster as well as cost effective processing and customer service.

c) Future Plans

Expansion of current activities by adding more R&D projects having potential for commercial applications.

d) Expenditure on R&D

R&D expenditure incurred during the year was as under :

Revenue : Rs. 76.12 lacs

Capital : Nil

iii) FOREIGN EXCHANGE EARNINGS AND OUTGO

	(Rs. in lacs)
Foreign Exchange earnings	386.88
Foreign Exchange outgo	623.67

8. DIRECTORS :

Mr. Samir Desai will retire by rotation and being eligible offers himself for re-appointment.

Mr. Cowsy Wadia will retire at the conclusion

of the Annual General meeting and has not offered himself for re-appointment.

The Board members would like to place on record their appreciation for the invaluable contribution made by Mr. Cowsy Wadia during his tenure as the Director of the Company. Mr. Wadia has made a very valuable contribution in the Company's efforts to set up its subsidiary in USA.

9. FUTURE OUTLOOK AND PLANS :

The operations of the Company over the last year have already shown an encouraging trend. Barring unforeseen circumstances your Company will show better results in the next year.

10. EQUITY EXPANSION :

Your Directors had sought the necessary permissions from the shareholders and statutory authorities for expanding the share capital base of the Company. Accordingly, during August'99 the Company issued 7,70,000 equity shares of Rs. 10/- each at a premium of Rs. 250/- per share on private placement basis resulting in increasing its paidup equity capital by Rs. 77,00,000/- to Rs. 3,97,20,880/-. The additional influx of funds in the Company will be used for investments to strengthen operations of domestic business and exports.

11. EMPLOYEE STOCK OPTION SCHEME :

Your Directors are also happy to inform that the Company has implemented an Employee Stock Option Scheme (ESOP) during this year.

12. ACKNOWLEDGEMENTS :

The Directors would like to place on record their sincere appreciation for the continued

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co-operation, guidance, support and assistance provided during the period under review by the Bankers and Financial Institutions, Company Associates from U.S.A., Europe, U.K., Department of Electronics and other Government Departments and Authorities.

During this crucial period, the employees of the Company have put in tremendous efforts in the process of turnaround. While appreciating this, your Directors believe that this effort will continue in future and the Company will achieve higher goals. The

Company also appreciates the invaluable support from its suppliers, customers and shareholders.

On behalf of the Board of Directors

HARISH MEHTA

Chairman & Managing Director

Place : Mumbai

Date : 24th August, 1999

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Auditors' Report

The Members of

ONWARD TECHNOLOGIES LIMITED

1. We report that we have audited the Balance Sheet of Onward Technologies Limited as at 30th June, 1999 and the Profit and Loss Account for the year ended on 30th June, 1999 both of which we have signed under reference to this report.
2. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for our audit. In our opinion, proper books of account have been kept as required by law so far as appears from our examination of the books and the above mentioned statements are in agreement therewith.
3. In our opinion, the Profit and Loss Account and Balance Sheet comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of The Companies Act, 1956, subject to the following :
 - a) Capitalisation of Research and Development Expenditure (Refer Note 1C and 6 of Schedule XIX);
 - b) Accounting of Annual Maintenance Contracts (AMC) charges on Billing basis. In view of numerous transactions, the quantification in this respect is not possible (Refer Note 1 J of Schedule XIX).
4. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit and Loss Account, read together with the notes thereon, especially, Schedule XIX, and subject to Para 3 above and Debtors and Creditors balances being subject to confirmation (Note No. 7 of Schedule XIX) give in the prescribed manner, the information required by the Companies Act, 1956, and also give respectively, a true and fair view of the state of the affairs of the Company's Balance Sheet as at 30th June, 1999 and in the case of Profit and Loss Account, of the profit for the year ended on that date.
5. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that :
 - 5.1 The Company has maintained full particulars including quantitative details and the situation of fixed assets. As explained to us, a physical verification of fixed assets was conducted by the Management at regular intervals, and no material discrepancies were noticed.
 - 5.2 The fixed assets of the Company have not been revalued during the year.
 - 5.3 The Management during the year has physically verified the stocks of finished goods of the Company at all its locations at regular intervals.
 - 5.4 In our opinion, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business. However, considering the nature and size of the business of the Company, the frequency of verification be increased.
 - 5.5 No material discrepancies were noticed between the physically verified stocks and the book records of the same.
 - 5.6 In our opinion, the valuation of stock of finished goods has been fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
 - 5.7 The Company has taken loans during the year from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or from companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956. The rate of interest and other terms and conditions, however, were not prima facie prejudicial to the interest of the Company.
 - 5.8 The Company has not granted loans to Companies, listed in the register maintained under Section 301 of the Companies Act, 1956 and/or to the Companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
 - 5.9 The Company has given loans or advances in the nature of loans to its employees and Onward Group Employees Co-operative Credit Society during the year and they are repaying the principal amounts as stipulated and are also regular in the payment of interest, wherever applicable.
 - 5.10 In our opinion, there is an adequate internal control procedure commensurate with the size of the