

10 years

A Decade of Excellence

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Annual Report 2000-2001

10 years

A Decade of Excellence

The perfect mix of mindware and software.

Of mind and matter. Of thought and action.

These are the blends that have come together

to create a pattern that has catapulted

Onward Technologies on to a growth path.

As *Onward Technologies* completes

10 years of successful growth, the company has stayed

tuned to changing time, technologies and customer needs.

Adapting itself to suit a dynamic market,

Onward Technologies has today entered new

realms of operations and geographies.

Today, after a decade of success, this commitment remains.

And is strengthened by the opportunities and

the challenges of the times.

Board of Directors

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

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
Vysya Bank

REGISTERED OFFICE

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

SOFTWARE DEVELOPMENT CENTRES

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

Krishna Kewal Commercial Complex
1-A/1- Krishna Kewal Nagar,
Khurd, Kondhwa,
Pune - 411 048.

REGISTRAR & SHARE TRANSFER AGENTS

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

OFFICIAL WEBSITE

www.onwardgroup.com

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Onward's HR Vision

Our Partnering Employees : 'A Company is only as good as its people'.

Onward Technologies prides itself in the Technology related skills in its people. Training and retraining are key proponents in development of people in the areas of Process Simulation, Engineering Design & Analysis Development of Complex Software Projects and Banking Software Products.

Be it the Petrochemical Industry, Banking Industry, Automobile Industry, to name a few, customers have always depended on Onward's chosen domain knowledge. The selection process has been such that only people with strong Domain Knowledge have joined Onward.

Their fierce commitment to Quality Processes has ensured that Onward has been able to create a unique blend of competencies and value for its customers worldwide.

More than 400 partnering employees, coming from diverse cultural and academic backgrounds, with initiative and quality leadership, contribute immensely to the rich and vibrant culture of the Company.

Human Resource Focus

In principle, at Onward, Pay for Performance is the guiding factor to recognize and reward. Along with this there is a commitment towards developing Four Competencies in the areas of technology skills, domain knowledge, quality processes and positive attitude within its employees.

Our Customers feedback in USA, UK & Germany bears testimony to our employees performance, which in turn reflects the strong quality recruitment process.

To understand its employees better, an in-depth Employee Opinion Survey was conducted, which is aiding in formulating employee focused HR policies.

Other than the ongoing development on Technology front, training on soft skills is also conducted. Towards a more cohesive team spirit, training sessions have been conducted across the four Strategic Business Units (SBUs).

Onward's HR Vision

To raise peoples conscious level, such that there is Respect for Emotions along with Harmony, Trust and Transparency in relationship with all stockholders in the international community. To increase worth of Human Capital, by developing peoples Core Competencies in an ever-changing environment, where Creativity and Entrepreneurial Leadership is encouraged.

Management Team

Harish Mehta
(Chairman & Managing Director)



V. S. Vaidya
Sr. Vice President - SDSD



Ramesh Murdeshwar
Vice President
- Banking & Network



B. S. Kaustubhan
Sr. Vice President - MSSD



Hitendra Kale
Sr. Vice President - MSSD



Kisholoy Gupta
Managing Director
- Corporate Affairs



Dr. D. Jagadesh
Managing Director - Corporate Affairs



Stepping Stones

Onward March 1991-2001

1991

- › Incorporated as a Private Limited Company under the name Onward Engineering Technologists Private Limited, renamed as Onward Technologies Ltd. in 1994
- › Represented International Leaders in M-CAD & E-CAD Technologies viz. Autodesk, SDRC, Viewlogic & Chemshare for Indian market

1992

- › Onward Group, consisting of Onward Computer Technologies Pvt. Ltd. (OCTPL), a System Integration Company and Onward Network Technologies Pvt. Ltd. (ONTPL), a Network Solutions Company and Onward Engineering Technologists Pvt. Ltd., an Engineering Software Solutions Company, ranked 4th in India for domestic software sales (1992-93)
- › Developed software for Computer Controlled Numerical Machines (CNC Machines)

1993

- › An Associate Company, Onward Novell Software (India) Ltd. incorporated
- › Tied up with American Power Corporation for distribution of UPS Systems
- › Exclusive Arrangement with ASPEN Technology for distribution of Aspen's full range of computer aided chemical engineering software packages

1994

- › Business lines and assets of erstwhile OCTPL and ONTPL acquired to consolidate synergistic business in Information Technology
- › Converted into a Public Limited Company and name changed to Onward Technologies Limited
- › Mr. Harish Mehta awarded CEO of the Year by NMIMS/Tata HRD Network
- › Initial Public Offer at a premium of Rs. 40/- per share - oversubscribed 66 times

1995

- › Strategic tie-up with Structural Dynamics Research Corporation being Sole Distributor on all hardware platforms.
- › Recognition of In-House R & D Unit by Dept. of Scientific & Industrial Research, Govt. of India

1996

- › Acquisition of DANTOOL as a customer - largest system integration project
- › SEEPZ Office Operational
- › 'Modbanker', a modular banking software with both Stand-Alone and LAN capability developed

1997

- › BSSD, MSSD, PSSD & SDSD Divisions as Strategic Business Units established - System Integration Division closed
- › 1000th Bank Branch computerised

1998

- › 'Arthapranali', a multi lingual software banking product developed by in-house R&D
- › Employee Stock Option Scheme implemented

1999

- › Private Placement at a premium of Rs. 250/- per share
- › 2000th Bank Branch computerised
- › Company's focus shifts to professional services and solutions business
- › OTI Detroit office for Mechanical Solutions business made operational
- › U.K. Branch Office for Software Solutions and Services business formed
- › Entered into a Global Partnership Agreement with Novell Inc., USA to provide E-Directory related consultancy services

2000

- › Awarded a large offshore simulation project order by AspenTech Software
- › Development Centre for PSSD opened at Pune

2001

- › Onward Technologies GmbH, Germany, a wholly owned subsidiary set up
 - * Bonus Equity Shares in the ratio 3 : 2
 - * New Employee Stock Option Scheme

Note : The items marked in *are subject to approval of Shareholders at 10th Annual General Meeting

directors' report

To,

The Members,

Your Directors have pleasure in presenting the Tenth Annual Report and the Audited Statement of Accounts of the Company for the year ended 30th June, 2001.

1. FINANCIAL RESULTS

	For the year ended 30.06.2001 (Rs. in Lacs)	For the year ended 30.06.2000 (Rs. in Lacs)
Sales and Other Income (Net)	4762.85	4376.81
Profit before Interest and Depreciation	1218.04	989.87
Interest	300.47	221.94
Depreciation	446.01	306.34
Operating Profit	471.56	461.59
Preliminary Expenses write-off	12.31	12.02
Extraordinary Items/Prior Period Items	19.12	22.07
Profit Before Tax	440.13	427.49
Provision for Taxation	38.00	Nil
Profit/(Loss) after Tax	402.13	427.49
Balance b/f from previous year	427.49	Nil
Proposed Dividend	Nil	Nil
Transfer to General Reserve	Nil	Nil
Balance carried forward	829.62	427.49

During the year under review the revenues of the Company witnessed an accelerated shift from its hitherto Computer Hardware and Agency Product related businesses to Professional Services and Solutions business which comprised nearly 35% of the Total Revenues as against 17% in the earlier year. Another noteworthy feature in this year's operation was the phenomenal growth on the export front where the Foreign Exchange earnings grew almost four times from a meagre Rs. 408.20 lacs in 1999-2000 to Rs. 1556.06 lacs last year. However the general downtrend in the IT industry, in India as well as around the globe, did not leave the Company unaffected. The Company's operations did witness a setback in its growth pattern and plans envisaged earlier, especially

in the eCommerce Segment of Software Development Services Division (SDSD), could not materialise. While the operations of UK Branch consolidated to a large extent, the US Subsidiary had to witness a negative bottomline despite the Gross Revenues of that Company having doubled.

The fourth quarter of the Company's performance for the year gone by gave an adverse result with a small operating loss of Rs. 20.63 lacs. However the Company could maintain its operating margins *vis-à-vis* the earlier year at Rs. 440.13 lacs as compared to Rs. 427.49 lacs in 1999-2000. The Company has provided for the Minimum Alternate Tax thereby reducing the Net Income and thus affecting the EPS to a small extent.



This year the Company expects substantial business from Europe especially the German markets. Overall, though the Company apprehends that the first quarter of the current year may not be satisfactory; however with its focussed and aggressive penetration of the international market, it is confident to better the performance of the year gone by. The Company plans to continue investing strategically in cutting edge capabilities so as to provide world class value added services to its global customers and grow up the value chain in the arena of professional services.

2. DIVIDEND

The Directors, with a view to conserve resources of the Company for further growth, have decided not to recommend any dividend for the year 2000-01 despite adequate profits and cash generation.

3. ONWARD - DECADE OF EXISTENCE

The Company which belongs to the Onward Group, successfully completed ten glorious years on 1st August, 2001. Incorporated with a dream when Information Technology was nascent in India, it has come a long way since 1991, with its share of ups and downs. Over the years, Onward has grown from strength to strength, crossing number of hurdles along the way with a major restructuring in 1998. The Company aims to force its way with a strong presence in the IT industry of India in the coming decade.

4. COMPANY'S OPERATIONS

The Manufacturing Software Solutions Division (MSSD)

MSSD division of Onward provides product/component design consulting services. It provides consulting services using CAD, CAM and CAE software technologies to customers in automobile, semiconductor, toys industries and to customers in sheet metals, castings and plastics industries.

With existing offices in USA, Germany and UK, it aims to provide customers with global cost reduction opportunities and global time reduction opportunities for engineering programmes. This year

MSSD started its expansion beyond UK, Germany and USA by going into Finland. Starting orders have been executed. In spite of recession in the world economy, MSSD targeted and obtained six new additional customers for offshore projects.

Vertically, MSSD also expanded its activities into high-end engineering analysis as a strategy to be unique among other companies in the CAD arena. This enabled laying the foundation for providing end-to-end CAD, CAE complete solutions to customers.

As a Diversification measure, MSSD division added CATIA capability and in view of global development, it plans to add Unigraphics capability to its already rich range of expertise. It further aims to consolidate in high-end engineering areas of Crash Analysis for overseas customers.

MSSD obtained prestigious ISO certification from TUV Germany in the areas of CAD, CAM and CAE.

Apart from increase in the productivity skills, professionals with domain knowledge have been recruited at the Application Engineers' level as well as the Management level. This is helping it in handling international assignment for prestigious customers.

The Process Software Solutions Division (PSSD)

PSSD division of Onward is focused on providing high quality professional consulting services to the Process Industry in the areas of Process Simulation, Plant Modelling, Process Design and Plant Information Management Systems integrated with Supply Chain Solutions for Clients in Refining, Petrochemicals, Fertilizers, Chemical and Pharmaceutical industry.

PSSD employing highly qualified and experienced professionals in Chemical, Instrumentation and Software disciplines and backed with experience in providing services, has created a niche in global chemical industry with offices in India, UK and USA.

The strategic business partnership with the world major in process software solutions, Aspentech is flourishing. The sales group has continued its march

in bagging some of the high value orders from the industry in the most competitive environment.

The Information Management System project group has implemented projects at two sites in India. This experience has prompted Aspentech to utilize Onward services for Asia Pacific Region in the coming year.

The most outstanding contribution in terms of quality services and revenues is from Operator Training Simulation Services Group. The Consulting professionals from this group have been placed both on-site as well as offshore projects. The quality of services has received appreciation not only by its partner Aspentech but also from the end client. This has resulted in downloading of more offshore work. To meet this increasing demand, a new office for rendering offshore services as well as development has been commissioned at Kondhwa, Pune with modern amenities like high speed communication facilities.

PSSD is following all the ISO quality procedures and is gearing up to get the ISO certification. The quality audits are regularly conducted with the help of external ISO consultants. As per the recent estimates, PSSD is expected to qualify for ISO 9000 by the end of 2001.

Having achieved considerable expertise in building and validating process models of any complexity for steady state, dynamic simulation and configuration of information systems referred to as First Generation Models, at Onward - PSSD is looking forward to greatly involve in reactor model development as well as customisation, which is niche area in process centric industries.

The Software Development Services Division (SDSD)

SDSD division provides custom based software application development, enhancement and maintenance services.

It works with a wide cross section of industry segments including manufacturing, distribution,

financial services and electronic commerce.

Most customers find Onward attractive due to strong domain knowledge in Banking, Finance and Manufacturing and strong Software skills.

With well-equipped Software Development Centers in Mumbai, UK and USA. it provides software development services through a reliable, cost effective, proven global delivery model to customers in UK and USA.

SDSD has, over the years, executed various software projects in the areas of client/server applications, application re-engineering, web enabling services, and the all pervasive eCommerce applications. The primary focus is on Novell's eDirectory based solutions, Oracle based application services and AS/400 based eBusiness services.

In the year that has gone by, in a major undertaking, it was involved with an online shopping mall venture, providing an alternative online electronic payment mechanism linked to multiple eMerchants.

SDSD has set up defined processes to handle project based software development and expects to achieve ISO 9001 certification in the current year. It also plans to constantly improve the quality processes and achieve SEI CMM Level 4 at the earliest possible time.

People being the most valuable assets, substantial investment goes in maintaining the right mix of people with the required technical expertise and in constantly training, upgrading the skills and keeping abreast of the latest technologies.

During the fiscal year, SDSD plans to achieve a substantial increase in the customer base this year in spite of the general slowdown in the software sector. The focus is on leveraging expertise in core software development to help meet customer requirements.

The increase in business would be through a strong customer focus using Onward's main policy of Retain, Repeat, Refer model. Resource pool would be maintained up to date in the fast obsolescence prone technology area. Infrastructure has already

been built including software tools for rapid applications development based development centers, computing facilities and high speed communication links.

The Banking Software and Services Division (BSSD)

BSSD is a division of Onward consisting of software product development and customisation group, customer services group and networking sales/support groups.

The domain knowledge in banking and availability of skill-sets in software product development & customisation services lead to development of various software packages for the retail banking segment. Number of prestigious banks in the country today are using Onward Technologies banking software products based solutions for their computerised branches.

The focus has been towards achieving high degree of customer satisfaction by providing prompt service through network of nine branch offices and forty-three support locations covering India from Kashmir to Kanyakumari & from Saurashtra to Assam. At present more than 3500 bank branches are using Onward products. Services also include supply of computer hardware and networking equipment, network integration and implementation services, computer hardware maintenance, software product support, 24/7/365 services support on a ongoing basis.... in short, end to end solution to an Indian bank.

Few of the successful banking products developed by Onward are the following :

- **ARTHAPRANALI** – Total Branch Mechanisation package for large sized branches with bilingual option in English and Devnagari.
- **MODBANKER** – LAN / Standalone Modular solution for medium sized branches.
- **MUDRAPRANALI** – Foreign Exchange software modules for B-category forex branches of nationalized banks.

During the current year, quality systems have been laid out and BSSD aims to obtain ISO-Certification.

Nationalised banks/Co-operative Banks/Private Banks in India are planning to do large scale mechanisation of its branches during next three to five years time, in order to withstand serious competition to its banking business from host of private and foreign banks. This provides good opportunity to Onward Technologies banking division to target middle and large size branches in both urban and semi urban areas and thereby improving the business prospects for coming three to four years.

Networking sales/support group will focus on undertaking networking projects and provide networking services, to banking clients.

5. SUBSIDIARIES

The Company's Wholly Owned Subsidiary, Onward Technologies Inc., USA (OTI) has continually shown a growing trend in its operations with an increase in project based business. The Revenues of this Company have shot up from USD 2.1 Million in 1999-2000 to USD 4.2 Million in 2000-01, reflecting an increase of an exact 100%. However the Net Income of this Company has reflected a negative bottomline as the margins shrunk significantly due to the rampant under cutting of prices prevailing in highly competitive US market which has witnessed a general slowdown in the past few months.

The activities of SDSD in this Company suffered a set-back in its eCommerce business having failed to take off as expected. It is perceived that the SDSD operations for the next few months shall continue be under further pressure. Definitive steps would be taken to mitigate further losses in future.

During the year the Company's Office in Santa Clara was closed down and a new office was opened at Houston mainly to execute the projects related to the PSSD of the Company. The Principal Office of