



*Resurgence at Onward*

11th Annual Report 2001-2002



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Official Website

[www.onwardgroup.com](http://www.onwardgroup.com)



**BOARD OF DIRECTORS**

Harish Mehta	Chairman & Managing Director
Shaila Mehta	Director
Berjis Desai	Director
Arun Meghani	Director
Samir Desai	Director
Pradip Dubhashi	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 Ltd.  
The Vysya Bank Ltd.

**REGISTERED OFFICE**

Kirslon House, 1st 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.

Onward House,  
Plot D-28/7 .T.T.C.  
MIDC Industrial Area,  
Turbhe, Navi Mumbai - 400 705.

**SOFTWARE TECHNOLOGY PARK**

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

**REGISTRAR & SHARE TRANSFER AGENTS**

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

**OFFICIAL WEBSITE**

[www.onwardgroup.com](http://www.onwardgroup.com)

Report Junction.com

## 11TH ANNUAL REPORT 2001-2002

**NOTICE**

NOTICE is hereby given that the **ELEVENTH ANNUAL GENERAL MEETING** of the Members of **ONWARD TECHNOLOGIES LIMITED** will be held on **Friday, the 11th October, 2002 at 5.00 p.m.** at **Onward Novell Software (I) Ltd. Auditorium, 62 M.I.D.C., 13th Street, Andheri (E), Mumbai 400 093** to transact the following business :

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 30th June, 2002 and the Profit & Loss Account for the financial year ended on that date and the Reports of the Directors' and Auditors thereon.
2. To receive, consider and adopt the audited Consolidated Balance Sheet as at 30th June, 2002 and the Profit & Loss Account for the financial year ended on that date and the Report of Auditors thereon.
3. To re-appoint Mr. Berjis Desai, Director who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Mr. Pradip V. Dubhashi, as a Director of the Company, who has been appointed as Additional Director and holds the office upto the date of this Annual General Meeting.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS**

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** :

**"RESOLVED THAT** the consent of the members of the Company be and is hereby accorded under the provisions of Section 146 (2) of The Companies Act, 1956 and other applicable provisions, if any, for shifting of the Registered Office of the Company from Krislon House, 1<sup>st</sup> Floor, Saki Vihar Road, Saki Naka, Andheri (E), Mumbai 400 072 to **ONWARD HOUSE, Plot D - 28/7 T.T.C., MIDC Industrial Area, Turbhe, Navi Mumbai 400 705** with immediate effect and the Board of Directors of the Company are hereby authorised to do all acts, deeds, matters and things as may be desirable or necessary in this context."

By Order of the Board of Directors

**HARISH MEHTA**

**CHAIRMAN & MANAGING DIRECTOR**

Mumbai

Dated : 26th August, 2002

**Registered Office**

Krislon House, 1st Floor

Saki Vihar Road, Saki Naka, Andheri (E),

Mumbai 400 072

**NOTES :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument appointing the Proxy to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
4. Item Nos. 6 under the head 'Special Business' are to be considered as items of Postal Ballot under Section 192 A of the Companies Act, 1956 and shall be dealt in accordance with provisions of the said Section read

## NOTICE

with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. The Ballot Papers with relevant instructions seeking assent or dissent of the Members have already been mailed to the Members.

5. The Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday, the 9th October, 2002 to Friday, the 11th October, 2002 (both days inclusive) for the purpose of the Annual General Meeting.
6. The Members / Proxies attending the Meeting are requested to bring the Attendance Slip duly filled in and their copy of Annual Report for reference at the Annual General Meeting.
7. The Members are requested to address all their correspondence pertaining to their securities mentioning either Folio Numbers or Client ID and DP ID Numbers, as applicable including change of address intimation, to the Company's Registrar & Share Transfer Agents – M/s. Intime Spectrum Registry Limited, Unit – 'Onward Technologies Limited' at 260-A, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (W), Mumbai 400 080.
8. The Members seeking any information relating to Accounts are requested to write to the Company at least 10 days before the date of Annual General Meeting so as to enable the Management to keep the information ready.

### ANNEXURE TO NOTICE

#### Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

##### Item No. 4

Mr. Pradip V. Dubhashi was appointed as an Additional Director at the meeting of the Board of Directors held on 25<sup>th</sup> January, 2002. Under the provisions of Section 260 and Article 54.1 hold the office of Director until the conclusion of this Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, 1956 together with requisite deposit signifying the intention to appoint Mr. Pradip V. Dubhashi as Director of the Company.

Mr. Pradip V. Dubhashi has expertise in management consultancy and finance related fields. He is a BE in Electrical Engineering and a post graduation in Management from XLRI, Jamshedpur. He was holding Senior executive positions in SICOM, Mahindra Group and Venky Group. He is having in depth knowledge of various industries such as, Engineering, Cement, Chemicals and Specialities, Software and Biotechnology businesses. He has consulted for both Indian as well as foreign companies. He also nominated on the Boards of Directors of various companies including as a nominee Director of financial institutions. He has attended several courses conducted by IIMA, IIEEE, NCST, ASCI and others in advanced topics in finance, management and technology areas.

It will be in the interest of the company to appoint Mr. Pradip V. Dubhashi on the Board of Directors of the Company as Director. With the appointment of Mr. Dubhashi the Corporate Governance set-up under Clause 49 of the Listing Agreement has been completed. Mr. Dubhashi is also a part of the Audit Committee and the Shareholders / Investors Grievance Committee in terms of the said clause of the Listing Agreement of Stock Exchanges.

The Board recommends the appointment of Mr. Pradip V. Dubhashi as Director of the Company.

None of the Directors except Mr. Pradip V. Dubhashi are concerned or interested in the said resolution.

##### Item No. 6

The Registered Office of the Company is currently located in a leased premises at Krislon House, 1<sup>st</sup> Floor, Saki Vihar Road, Saki Naka, Andheri (E), Mumbai 400 072. The Company has its own premises called ONWARD HOUSE at Plot No. D, 28/7 T.T.C., MIDC Industrial Area, Turbhe, Navi Mumbai 400 705.

In view of the growing business and expanding activities of the Company, it is felt that the present Registered Office is inadequate to take care of the incremental activities, the Board of Directors of the Company hence have now decided to relocate its Registered Office from Saki Naka, Andheri (E), Mumbai to its own premises at Turbhe, Navi Mumbai.

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**ANNEXURE TO NOTICE**

Under the provisions of Section 146 ( 2 ) ( a ) of the Companies Act, 1956, consent of the Members of the Company is required for proposed Change of Registered Office from local limits of Mumbai, by way of Special Resolution.

Under the provisions of Section 192A read with Companies (Passing of the Resolution by Postal Ballot) Rules 2001, Rule 4 – Sub Rule (e) requires passing of the said resolution through Postal Ballot.

The Board of Directors recommend the said resolution set out under Item No. 6 for approval of the Members by mode of Postal Ballot. The Chairman shall announce results of ballot paper at the Annual General Meeting.

None of the Directors may be deemed to be interested in the resolution.

**As required under clause 49 VI of the Listing Agreement given below are the details of the director proposed for re-appointment of Mr. Berjis Desai.**

Mr. Berjis Desai , 45, is a Law Graduate from University of Bombay and holds Post-Graduation degree from the Cambridge University. Mr. Desai is currently the partner of M/s. Udawadia, Udeshi & Berjis, a firm of Solicitors & Advocates. He specializes in corporate and commercial laws. He is associated with the Company since last ten years.

By Order of the Board of Directors

**HARISH MEHTA**  
CHAIRMAN & MANAGING DIRECTOR

Dated : 26th August, 2002

**Registered Office**

Krislon House, 1st Floor  
Saki Vihar Road,  
Saki Naka, Andheri (E),  
Mumbai 400 072

## DIRECTOR'S REPORT

To,

The Members,

Your Directors have pleasure in presenting the Eleventh Annual Report and the Audited Statement of Accounts of the Company for the year ended 30th June, 2002.

### 1. FINANCIAL RESULTS

	For the year ended 30.06.2002 (Rs. in Lacs)	For the year ended 30.06.2001 (Rs. in Lacs)
Sales and Other Income (Net)	4,860.71	4,762.85
Profit before Interest and Depreciation	1,005.08	1,218.04
Interest	349.93	300.47
Depreciation	545.25	446.01
Operating Profit	109.90	471.56
Preliminary Expenses write-off	12.31	12.31
Extraordinary Items/Prior Period Items	Nil	19.12
Profit Before Tax	97.59	440.13
Provision for Taxation - current	12.00	38.00
- deferred	49.77	Nil
Profit/(Loss) after Tax	35.82	402.13
Balance b/f from previous year	666.63	427.49
Proposed Dividend	Nil	Nil
Transfer to General Reserve	Nil	Nil
Transfer to Transitional Deferred Tax Liability	Nil	162.99
Balance carried forward	702.45	666.63

The company posted a marginal growth of Rs.97.86 lacs in its revenue from Rs. 4,762.85 lacs for the year ended 30<sup>th</sup> June, 2001 to Rs.4,860.71 for the year ended 30<sup>th</sup> June, 2002, this in spite of the global recession and its impact on the economies world over. The Foreign exchange earnings also grew by 9.72% to Rs.1,707.26 Lacs in the said year, as compared to Rs.1,556.06 lacs in the previous year.

The general slowdown in the US/UK markets, with all major companies reducing the size of their technology spending, resulted in a negative bottom line for the first two quarters of the said year. Additionally, the industry witnessed a change in customer expectations, from interactive new applications demanding onsite/onshore services, to now optimising their current investments in information technology, demanding onsite/onshore/offshore services, which forced the company to change and adopt its "go to market" strategy.

However, with stringent cost reduction measures, the diversified nature of the company's business practices, and business from process engineering and mechanical engineering customers showing healthy progress, it could post an improved performance in the later half of the year, resulting in a profit before tax of Rs.97.59 lacs at the year end. The company has provided for Minimum Alternate Tax of Rs.12.00 lacs and deferred tax of Rs.49.77 lacs in the said year resulting in a profit after tax of Rs.35.82 lacs.

### 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 2001-02.

### 3. CUSTOMER DELIGHT

The focus, of every associate in the company, is to have a delighted customer who becomes an ardent fan of Onward. It is with this philosophy that the company tries to "retain" customers, by obtaining "repeat" orders and further believes that this would lead to customers "referring" Onward's quality of service to newer customers.



## DIRECTOR'S REPORT

Through its business partners and customers, the company nurtures an environment where excellence, innovation and continuous learning enables each and every member of the Onward family, to not only develop applications and systems, but also to execute them with higher quality and speed.

Every individual at Onward is committed to our customers and the stakeholder of this organization. The Company has instilled a strong value system. These very humane attributes helped it to separate the wheat from the chaff and imbibe in every member, with dignity and honor, the essence of serving its customers. The company believes that without human touch it cannot achieve success. "Go-to-market" strategy of the company is undergoing a major change with new realities factored in.

### 4. OPERATIONS

#### Domestic IT Solutions and Products

The company, with its strong banking domain knowledge and software development skills, provides a one-stop solution for all the nationalised & co-operative banks in the domestic market. Its primary focus areas are retail banking, corporate banking, remittances, trade & finance and government linked product statutory applications. This business grew steadily in the past year, with a lot of emphasis on developing new products and adding new modules, like ATM connectivity, telebanking, netbanking, to its existing range of products.

"Mudrapranali", a state of the art trade- finance package that integrates with SWIFT connectivity and is indigenously developed will be launched this year.

The strategic business partnership with Aspentech, the world major, in process software area is flourishing. The sales group, which is predominantly involved in exploring new markets and targeting potential customers, has continued its march in bagging some high value orders from the industry in the most competitive environment. They are not only involved in selling software products and solutions to the end customers, but are also involved in its implementation.

#### Professional Services and Consultancy

In this segment, the company is focused on providing high quality professional consulting services to the process, banking, automotive, aviation and other manufacturing industries.

To the Process Industry, the focus is in the areas of Process Simulation, Plant Modeling, Process Design and Plant Information Management Systems integrated with Supply Chain applications/ ERP applications for clients in Refining, Petrochemicals, Fertilizers, Chemical and Pharmaceutical sector.

The Process Simulation Group has rolled out a benchmark assignment "Plant simulation and energy integration project" for a major refining company in North America. The Information Management System group has completed the implementation of a manufacturing execution system project, integrated with LIMS and ERP systems, for a prestigious client in Singapore. The Supply Chain Management group has completed a "Product Blend" project for a Houston based company.

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 on offshore projects. The quality of service rendered by the group has received appreciation not only from its partner Aspentech, but also from the end customers.

The substantial increase in the productivity, in Software Solutions for the overseas automotive and aviation industry, coupled with increasing demand from our Fortune 2000 clients for extreme specialisation and existing services, have encouraged the company to recruit more technical professionals with strong domain knowledge. This is helping the company, in managing more international assignments for prestigious customers and creating a niche for itself in the world market. A lot of emphasis was given to understand and inculcate a discipline of developing and maintaining customer relationships. Investments were made in offshore delivery and quality processes, backend communications and computing infrastructure, high speed multi-site network connectivity to international customer premises, reskilling human resources, etc, which will provide the company a platform in expanding and deepening its presence in the global heavy engineering, automotive, aerospace and other product design services.

The infrastructure, to support and service the company's banking customers, was also strengthened with the opening of new branches and support centers.



## DIRECTOR'S REPORT

The Company also provides custom based software application development, enhancement and maintenance services to a wide cross section of industries. Software development services, of the company have, 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 areas is on AS/400 based eBusiness services, Oracle manufacturing development/customization/maintenance services, Novell technology based implementation and integration services, & secured identity management services based on Java, J2EE and XML technologies.

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

The increase in business, in future, would be through a strong customer focus using the Retain, Repeat, Refer model adopted by the company. Resource pool would be maintained up to date in the fast obsolescence prone technology area. The processes for recruitment, building capabilities, building delivery engine are well defined and reinforced through ISO 9000 certification. The focus in the current year will be on strengthening the domestic and international sales and business development team. The necessary infrastructure is already been built including software tools for rapid applications development based development centers, computing facilities and high-speed communication links.

The company has achieved the distinction of ISO certification for its operational areas and has been vigorously following all the quality procedures.

### 5. SUBSIDIARIES

The company's wholly owned subsidiary in the United States of America (USA), Onward Technologies, Inc., USA (OTI), reported a net profit after tax of US \$ 27,240. OTI would achieve a higher level of income and profitability during the current year. The company is providing the front-end marketing support for the holding company, along with being an interface with the end customers for projects in USA. Onward Technologies GmbH (OTG) was incorporated as a 100% subsidiary company in Germany on 1<sup>st</sup> November 2001. The accounts attached with the report are for the period ended 30<sup>th</sup> June 2002 i.e. 8 months. As per the local laws prevailing therein, statutory audit of accounts of such companies are not mandatory, therefore the accounts have been certified by the management and the same has been taken on record. OTG is in its initial stages of operations.

Shantmurli Holdings Limited has not done any operations during the year under review. The company has reported a loss of Rs.12,358/- for the year.

### 6. COMMUNITY SERVICES

Every member of the Onward family is a responsible corporate citizen with respect for the society, community, legal and ethical environment. The Company spares no efforts to uphold the national ethos of every country.

The Company has, from time to time, assisted various Schools, Collages and NGOs in their community development activities.

It has always extended support to the affected in all natural calamities that have hit our country in the recent past. The company and its employees had in the past contributed towards the earthquake victims of Gujarat-both financially and through voluntary collection and dispatch of emergency relief supplies.

### 7. HUMAN RESOURCE INITIATIVES

The Company's business model of 3 R's –Refer, Repeat and Retain have helped it to identify the right personnel for the job and this same model has eventually guided it to serve its customers with zest.

With a culture of a distinct recognition of innovation and ingenuity, the Company endeavors to create an environment for an individual to discover and deliver on their inherent hidden talents. A strong technical edge to perform various professional activities, selection of right talent, development of leadership across the organisation, the focus on quality and heady mix of extra-curricular activities makes the workplace perfect for employees to experiment and excel.

The company has grown by leaps and bounds over the past years and forayed into areas such as competency based manpower planning, recruitment and selection and performance management, which few others have done in India. No matter what the situation, the HR culture ensures that individuals are given the opportunity to cultivate their talents personally as well as professionally.

## DIRECTOR'S REPORT

The flexibility, the recognition of talent, the availability of opportunities, the personal connection, placing the right person in the right job, combined with free access to people, knowledge and material resources has created a very open environment in the company.

There is a continuous focus on organisational development and learning with employees across the globe having completed almost 1000 man-days of training. Overseas training in the US for some of the company's key engineers at customer's site was arranged with a view to build specialised product related domain knowledge within the organisation for future use.

### 8. BONUS SHARES

The company had issued 5,987,682 equity shares in the said year as bonus shares to the existing shareholders in the ratio of 3 shares for every 2 shares held, by capitalizing Rs. 598.77 lacs from the Reserves.

### 9. FIXED DEPOSITS

The Company has not accepted any deposits and as such no amount is outstanding for payment on the date.

### 10. CAPITAL EXPENDITURE

The Company has incurred a capital expenditure of Rs 925.43 lacs for creating new facilities and modernising the existing ones. Two new Software Development Centers have been commissioned at Pune, equipped with state-of-the art infrastructure required for high-end projects. The company has setup its own building at Turbhe called "ONWARD HOUSE". It is an 8,000 sq. ft. fully equipped structure having all modern facilities. At present, it houses the banking software group. The Company has plans to judiciously invest further amounts in infrastructure, in the current year for setting up new Software Development Centers, as well as expanding and modernising the existing ones.

### 11. EMPLOYEE STOCK OPTION SCHEME

The company has an ongoing Employee Stock Option Scheme, which was approved by the Members at the Annual General Meeting, held on 10th December 1997. Under the said scheme, warrants having an option to acquire not more than 160,000 equity shares overall, can be allotted to the permanent employees of the company at a price of Rs.62/- per equity share. Till date 29,400 warrant having an option of 117,600 shares have been given to the eligible and deserving employees of the company under this scheme.

No. of shares allotted against these options	: 19,700
No. of options forfeited	: 68,600
No. of options balance	: 29,300

An additional Employees Stock Options Scheme called ESOP 2001 has been implemented to attract, motivate and retain talented personnel. The members at the Annual General Meeting held on 15th October 2001 approved this. The maximum number of warrants to be issued to the employees of the company and its subsidiaries would be 126,250 with option to acquire 505,000 equity shares and 25,000 warrants with an option to acquire 100,000 equity shares each in aggregate respectively. The price per equity share for these options has been determined at Rs.10/- considering the ruling market price of the company on the various Stock Exchanges then.

Till date 20,600 warrants having an option to acquire 82,400 shares have been given to the eligible and deserving employees of the company.

No. of shares allotted against these options	: Nil
No. of options forfeited	: 2,400
No. of options yet to be converted	: 80,000

A certificate from the Auditors for the above referred schemes is enclosed with this report.

### 12. AUDITORS

The Company's Auditor's, M/s. Kirtane & Pandit, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received the Certificate from the Auditors stating that they are qualified under Section 224(1) of the Companies Act, 1956, to act as the Auditors of the Company, if re-appointed.