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12th Annual Report 2002-2003

Onward, A global hub for Engineering Design Solutions

At Onward Technologies, over 240 mechanical engineers with significant manufacturing experience focus their expertise into providing cutting edge Engineering Design Solutions. By using proven processes and leveraging strategic partnerships, they reduce product design costs, improve time to market decisions and provide better solutions to its customers.

Onward, eServices

Onward eServices, a leading player in the banking branch automation segment, servicing over 3000 branches through its 51 different locations across India. With 310 domain experts, it offers fully functional TBM Solutions for Any Branch Banking, Telebanking and Internet Banking to its customers.

“Treat Employees like Customers & Customers like Employees”

(By Heskett J., Sasser W., Schlesinger L.)

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**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
'Sangati', Bhakti Marg,
Off. Law College Road,
Pune - 411 004.

BANKERS

Bank of Baroda
Corporation Bank
Centurion Bank Ltd.
The Vysya Bank Ltd.
The Saraswat Co-operative Bank Ltd.

REGISTERED OFFICE

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

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, Dist. Thane,
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.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg,
Bhandup,
Mumbai - 400 078.

OFFICIAL WEBSITE

www.onwardgroup.com

Notice

NOTICE is hereby given that the Twelfth Annual General Meeting of Onward Technologies Limited will be held at the Registered Office of the Company at Onward House, Plot D, 28/7, TTC, MIDC Industrial Area, Turbhe, Navi Mumbai - 400 705, on Friday, 21st November, 2003 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 30th June, 2003 and the Profit and Loss Account of the Company for the year ended on that date and the Report of the Auditors and that of the Directors thereon.
2. To appoint a director in place of Mr. Samir Desai who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a director in place of Mr. Arun Meghani who retires by rotation and being eligible offers himself for reappointment.
4. To appoint auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to provisions of section 314 and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactment thereof, for the time being in force, (hereinafter referred to as "the Act"), consent of the Company be and is hereby accorded to Mr. Jigar H. Mehta, son of Mr. Harish Mehta and Mrs. Shaila H. Mehta, Directors of the Company, holding and continuing to hold an office or place of profit under the Company as "Manager- Corporate Affairs" or such other designation as may be decided from time to time, on an increased remuneration of Rs. 40,000/- per month, in a time scale of Rs. 40,000- 5000 -50,000 ; - 7500 - 65000, with effect from 1st July, 2003, in the grade as may be appropriate or any other grade to which he may be elevated according to the policy of the Company together with the allowances, benefits, amenities and facilities applicable to employees in such grade as per the rules of the Company.

RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any existing duty authorised Committee(s) or which the Board may constitute to exercise the powers of the Board including the powers conferred by this resolution), subject to the consent of the Central Government, if any, as may be necessary, be authorised at its discretion and as deemed fit and proper, to fix or otherwise decide at various intervals the managerial grade and remuneration including perquisites payable to Mr. Jigar H. Mehta while he continues to hold an Office or place of profit under the Company.

RESOLVED FURTHER THAT in the event the total monthly remuneration payable to Mr. Jigar Mehta, increases beyond the limit prescribed by the Central Government in terms of section 314 (1B) of the Act, the same shall be subject to the approval of the Central Government with such modification (s) and variation(s) as the Central Government may suggest and which the Board of Directors of the Company is hereby authorised to accept."

6. To announce the results of the postal ballot in respect of the following Ordinary Resolution on which voting of the members is sought for by way of postal ballot system in terms of section 192A of the Companies Act, 1956:

"RESOLVED THAT pursuant to the provisions of section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications or re-enactment thereof, for the time being in force, the Consent of the Company be and is hereby accorded for charges created or to be created, whether pari passu with any existing charge or not, on all its movable or immovable properties where so ever situated, both present and future and the whole of the undertaking of the Company in favour of any persons, banks and/or financial institutions for securing repayment of any loans, financial assistance, borrowings and facilities together with costs, interests, charges and expenses thereon.

RESOLVED FURTHER that the Board of Directors of the company be and is hereby authorised to finalise the terms and conditions, and execute all such documents for creating the mortgage, hypothecation and/or charges and to do all such acts and things as may be necessary in connection therewith and incidental thereto for giving effect to the above resolution."

7. To consider and, if thought fit, pass with or without modification(s) as may be deemed fit, the following as a Special Resolution,



Notice (Contd.)

"RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions of the Companies Act, 1956, the Article Number 48.2 of the Articles of Association of the Company, conferring permanent directorship on Mr. Harish S Mehta and Mrs. Shaila Harish Mehta be and the same shall stand deleted.

RESOLVED FURTHER THAT on the deletion of the said Article being effective, Mr. Harish Mehta and Mrs. Shaila Harish Mehta, who hold office of directorship for life / till resignation, shall, subject to the provisions of Article 60(b) of the Articles of Association of the Company, be liable to retire by rotation pursuant to provisions of Section 255 of the Companies Act, 1956."

8. To consider and, if thought fit, pass with or without modification(s) as may be deemed fit, the following as an Ordinary Resolution:

"RESOLVED THAT in supersession of the earlier Ordinary Resolution passed by the Members under Section 293(1) (d) of the Companies Act, 1956, at the Annual General Meeting of the Company held on 1st August, 1995, the consent of the Company be and is hereby accorded in accordance with Section 293(1)(d) of the Companies Act, 1956 and the Articles of Association of the Company to the Board of Directors of the Company borrowing any sum or sums of money from time to time at its discretion, for the purpose of the business of the Company, which together with the monies already borrowed by the Company (apart from temporary loans obtained from the bankers of the Company in the ordinary course of business) may exceed at any time, the aggregate of the paid up capital of the Company and its free reserves (that is to say, reserves not set apart for any specific purpose) by a sum not exceeding Rs.50,00,00,000/- (Rupees Fifty Crores) and that the Board of Directors be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as the Board may think fit."

9. To consider and if thought fit, pass with or without modifications, the following as a Special Resolution :

"RESOLVED THAT subject to the provisions of the Companies Act, 1956 the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 and subject to such approvals permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as "the Board"), consent is hereby accorded to the Board to delist the Company's Equity shares from the Madras Stock Exchange Ltd., at Chennai and The Stock Exchange, Ahmedabad at Ahmedabad.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps and to do all other acts, things and deeds and to further delegate the authority in this connection to any of the officer(s) of the Company to give effect to this resolution."

By the order of the Board of Directors

Harish Mehta

Chairman & Managing Director

Place : Navi Mumbai
Date : 10th October, 2003.

Registered Office:

Onward House,
Plot D, 28/7, TTC
MIDC Industrial Area,
Turbhe, Dist. Thane
Navi Mumbai - 400 705.

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. Proxies to be effective, should be deposited at the Registered Office of the Company not less than 48 hours before the time appointed for the meeting.
3. The Explanatory Statement pursuant to sub-section (2) of Section 173 of the Companies Act, 1956. The bio data of the Directors proposed to be appointed / re-appointed is also annexed to this Notice as required under the Listing Agreement.

Notice (Contd.)

4. The motions under item no. 6 is for consideration and voting through 'Postal Ballot' in terms of the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2001, as amended. Accordingly a ballot paper has been supplied separately. Members are requested to cast their votes on this item in writing, by marking in the appropriate box provided for in the said Ballot paper. Attention of the members is invited to the detailed instructions given in the Ballot paper and they are requested to exercise their right of vote as per the said instructions.
5. Members are requested to send the ballot paper duly tick marked as per their choice and signed, in the self addressed envelope sent along with this Notice. The Company has made arrangements to pay for the Postage on the said envelope. However, envelopes containing postal ballots, if sent by courier at the expenses of the registered shareholder will also be accepted.
6. In accordance with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 postal ballot received after 30 days from the date of posting of this letter will be treated as if the reply from the Member has not been received and the same will not be considered.
7. On the date and time fixed for the Annual General Meeting, the Chairman will announce the results on the voting by Postal Ballot, based on the report of the scrutinizer(s).
8. Pursuant to sub section 5 of Section 205A of the Companies Act, 1956 (The Act) dividends declared for the financial year ended on 31st March, 1996 and thereafter, transferred to unpaid dividend account, which remain unclaimed for a period of 7 years, will be transferred to the Investor Education and Protection Fund of the Central Government, established under section 205C of the Act. According the provisions of the Act as amended, no claim shall lie against the said Fund or the Company for the amounts of dividend so transferred nor shall any payment be made in respect of such claims.
9. The Register of Members and Share Transfer Books will remain closed from 19th November, 2003 to 21st November, 2003 (both days inclusive) for the purpose of the Annual General Meeting.
10. Members are requested to address all correspondence pertaining to their securities mentioning either the Folio Number/Client ID and DP ID numbers as applicable including any change of address, if any, to the Registrars and Transfer Agents of the Company viz.:
Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound
L. B. S. Marg, Bhandup, Mumbai-400078
11. Members / Proxies attending the Meeting are requested to bring the Attendance Slip duly filled in and their copy of the Annual Report for the meeting.
12. Members seeking any information relating to Accounts are requested to write to the Company at least 10 days before the date of the Annual General Meeting to enable the Management to keep the required information ready at the meeting.

EXPLANATORY STATEMENT

(Pursuant to the provisions of Section 173(2) of the Companies Act, 1956).

Item No. 5 :

With the requisite approval of the members by way of Special Resolution passed at the 10th Annual General Meeting of the Company held on 10th October 2001, Mr. Jigar Mehta is holding an office of profit since 19th June, 2001 and is presently designated as "Manager- Corporate Affairs" in the Company. Mr. Jigar Mehta is a Bachelor of Science in Business Administration with concentrations in Marketing and Management Information System from Boston University, MA, USA. Mr. Jigar Mehta has satisfactorily contributed to the business affairs of the company in the past two years and has shown capacities to shoulder higher responsibilities. Considering his qualifications and experience the Directors consider the remuneration payable as indicated in the resolution to be reasonable and commensurate with the Market conditions. The Company may entrust upon him such other additional duties and functions with suitable designation and level as it may consider appropriate from time to time.



Notice (Contd.)

Mr.Jigar Mehta is a son of Mr. Harish Mehta and Mrs. Shaila Mehta, Directors of the Company and accordingly, this resolution is placed for the approval of the members under Section 314 of the Companies Act, 1956. In accordance with the usual practice followed by the Company for increase in the remuneration to its Managers, Mr.Jigar Mehta's remuneration may also be increased on a year to year basis. In the event the total monthly remuneration payable to Mr.Jigar Mehta increases beyond the limit prescribed by the Central Government in terms of Section 314(1B) of the Act, (which limit presently is Rs.50,000/- per month), the approval for the same shall be obtained from the Central Government and the remuneration shall be payable subject to such modification(s) and variation(s) as the Central Government may suggest, and which the Board of Directors are hereby authorised to accept.

The Board recommends this Resolution for your approval.

No Director of the Company other than Mr. Harish Mehta and Mrs. Shaila Mehta is concerned or interested in the aforesaid Resolution.

Item No. 6 :

During the course of business the Company has obtained loans from financial institutions, Banks for the purpose of augmenting the resources of the Company for funding its domestic and overseas operations as summarised below:

Corporate Loan of Rs.400 Lacs from SICOM Ltd.

This loan is to be secured by a pari passu first mortgage / charge in favour of SICOM Ltd. on all immovable properties of the Company, both present and future located at TTC, MIDC Industrial Area, Dist. Thane and at Ahmedabad and on movable assets of the Company, both present and future situated at various locations. There would also be a provision of a floating charge with the Company being allowed to hypothecate its stock of raw materials, work-in-progress, finished goods, stores (not relating to the plant & machinery or any spare parts thereof) and book debts in favour of its bankers for securing working capital facilities in ordinary course of business with such hypothecation having priority over the floating charge.

Section 293 (1) (a) of the Companies Act, 1956 provides that the Board of Directors of the company shall not without the consent of the members of the company in general meeting, sell, lease, or otherwise dispose off the undertaking of the Company or any substantial part thereof.

Pursuant to Section 192A of the Companies Act, 1956 and in terms of Article 36 of the Articles of Association of the Company, the subject matter of the resolution is required to be considered through postal ballot system.

The Postal Ballot Form alongwith self addressed envelope has already been dispatched on 18th October, 2003. Members need not pay the postage on the envelopes, as the Company has made arrangements for payment of postage thereon. Members are requested to indicate their assent or dissent in the manner and form following the detailed instructions given in the postal ballot form itself.

The Resolution, if assented to by requisite majority, shall be taken as passed on 21st November, 2003 at the Annual General Meeting when the results of the Postal Ballot will be announced.

No Director of the Company is concerned or interested in the aforesaid Resolution.

Item No. 7 :

The Company has entered into an agreement for availing of short term / long term loan(s) from SICOM Ltd. aggregating to Rs. 400 Lacs. As part of the agreement, SICOM has asked the company to modify the Articles as proposed in the resolution.

The deletion of Article 48.2 would not affect the present constitution or composition of the Board except that the tenure of directorship of the Permanent Directors would get changed to 'retirement by rotation' in terms of Section 255 of the Companies Act, 1956. A director who holds the office of Managing Director / Whole-time Director shall however, not be liable to retire by rotation, in terms of Article 60(b) of the Articles of Association of the Company.

Pursuant to the provisions of Section 31 of the Companies Act, 1956, alteration of the Articles can be made by passing a Special Resolution to that effect.

The Board recommends this Resolution for your approval.

No Director of the Company is concerned or interested in the aforesaid Resolution.

Notice (Contd.)

The said Loan agreement is available for inspection of the members at the Registered Office of the Company on any working day between 10.00 a.m. to 5.00 p.m. till the date of the Annual General Meeting.

Item No. 8 :

The Company is in the process of implementing its plans for mobilisation of resources for the purpose of the business of the company including for financing / re-financing any capital expenditure of the company. As per Section 293(1)(d) of the Companies Act, 1956, the Company cannot borrow moneys (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) which together with the moneys already borrowed would exceed the aggregate of the paid-up capital and free reserves of the company, except with the consent of the members of the company by way of an Ordinary Resolution.

In view of the on-going plans for the businesses of the company, the Board may have to borrow in excess of the monetary ceiling limits under Section 93(1)(d) of the Companies Act, 1956 and therefore, the resolution approving such borrowings upto a maximum limit of Rs.50,00,00,000/- (Rupees Fifty Crores only) has been proposed.

The Board recommends this Resolution for your approval.

None of the Directors of the Company is concerned or interested in the aforesaid Resolution.

Item No. 9:

The shares of the Company are traded in very small volumes on The Madras Stock Exchange Ltd. Chennai (MSE) and the Stock Exchange, Ahmedabad, at Ahmedabad (ASE). The Company's shares enjoy listing on the Stock Exchange, Mumbai (BSE) and the National Stock Exchange Ltd. Mumbai (NSE). The trading in the equity shares of the Company on BSE and NSE is frequent and the continued listing on BSE and NSE gives necessary marketability to the equity shares of the company.

Considering the above facts it is proposed to delist the equity shares of the Company from MSE and ASE pursuant to the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003. Subject to approval of the members, the Board of Directors in their meeting held on 29th September, 2003 have approved delisting of shares from MSE and ASE. The equity shares of the Company will continue to be listed on The Stock Exchange, Mumbai (BSE) and the National Stock Exchange of India Ltd. (NSE). In terms of the said Guidelines, as the Company's equity shares shall continue to remain listed on BSE and NSE, no Exit Option is required to be offered to the shareholders.

The approval of the members is solicited for the resolution at Item No. 9 of the accompanying notice as a Special Resolution.

None of the Directors of the Company is concerned or interested in the aforesaid 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. Samir Desai and Mr. Arun Meghani.

Mr. Samir Desai has done his Graduation in Mechanical Engineering from the Baroda University and holds a Master of Science degree in Industrial Engineering from the Illinois Institute of Technology, USA. He was the founder President and Chief Executive of Systems Resources Corporation a high tech company specializing in systems for military and law enforcement applications, information control systems, office automation, etc. He is currently the President of Aditi Inc., USA.

Mr. Meghani is a Business Entrepreneur and an Industrialist and holds a degree in Business Administration from the USA.

By the order of the Board of Directors

Place: Navi Mumbai
Date: 10th October, 2003.

Harish Mehta
Chairman & Managing Director

Registered Office:

Onward House,
Plot D, 28/7, TTC
MIDC Industrial Area,
Turbhe, Dist. Thane
Navi Mumbai - 400 705.



Director's Report

To,

The Members,

Your Directors have pleasure in presenting the Twelfth Annual Report and the Audited Statement of Accounts of the Company for the year ended 30th June, 2003.

1. FINANCIAL RESULTS

	For the year ended 30.06.2003 (Rs. in Lacs)	For the year ended 30.06.2002 (Rs. in Lacs)
Sales and Other Income (Net)	5,163.06	4,832.63
Profit before Interest and Depreciation	1,276.76	1,005.08
Interest	362.49	349.93
Depreciation	691.19	545.25
Operating Profit	223.08	109.90
Preliminary Expenses write-off	12.31	12.31
Prior Period Items	24.11	Nil
Profit Before Extraordinary Items & Tax	186.66	97.59
Extraordinary Items	861.74	Nil
Profit / (Loss) Before Tax	(675.08)	97.59
Provision for Taxation – Current	7.86	12.00
– Deferred	(37.74)	49.77
Profit/(Loss) after Tax	(645.19)	35.82
Balance b/f from previous year	702.45	666.63
Proposed Dividend	Nil	Nil
Transfer to General Reserve	Nil	Nil
Balance carried forward	57.25	702.45

The Company posted a nominal growth of Rs.3.31 Crores in its revenues from Rs.48.32 Crores during the year 2001 – 02 to Rs.51.63 Crores in the year 2002 - 03. However, the foreign exchange earnings grew by almost 29% from Rs.17.07 crores to Rs.21.96 crores in the previous year.

2. DIVIDEND

In view of the loss incurred during the year, the Directors do not recommend payment of any Dividend for the year 2002 – 03.

3. OPERATIONS

The Company's business operations witnessed a significant change during the past one year. The composition of business displayed a further shift from Domestic IT solutions to the Professional Services and Consultancy Segment. During the year 2002 – 03, the Services segment grew by 21.5% as against the dip in Domestic IT Solutions business by 14.5%. However, at the same time, a marked shift was also observed within the Domestic IT Solutions in which majority of the revenues were on account of software sales, thereby resulting into an increased margin despite the negative growth witnessed by the topline.

During the year, the CAD / CAM / CAE Solutions business in the Manufacturing segment emerged as a clear winner in terms of the growth in both the topline and the bottomline. This division increased its turnover substantially, both in Onward as well as in its US subsidiary, in the past 12 months. It strengthened its revenues in the automotive, electro-mechanical as well as in the aircraft component industry with a number of new customers, thereby consolidating its presence across various industries and geographical locations, such as, USA, UK, and Germany. In terms of new technology areas, several new projects were undertaken in high end technologies, such as, Noise reduction and Plastic mouldings. Onward, also undertook a major expansion in this CAD / CAE Solutions business in which the manpower strength increased significantly by more than 100 % in the last one year. Investments in new CAD /CAE software were made to increase the penetration into their existing customers and to mine the accounts more effectively.