

19th Annual Report 2009-2010



Help Customers gain competitive ADVANTAGE in the GLOBAL marketplace



Board of Directors

Mr. Harish Mehta	Chairman & Managing Director
Mrs. Shaila Mehta	Director
Mr. Pradip Dubhashi	Director
Mr. Arun Meghani	Director
Mr. Samir Desai	Director
Dr. Atul Wad	Director
Mr. Sudhir Karnik	Alternate Director to Dr. Atul Wad

Auditors

Kirtane & Pandit
Chartered Accountants
'Sangati', Bhakti Marg,
Off. Law College Road,
Pune - 411 004.

Registered Office

Sterling Centre, 2nd Floor,
Dr. A. B. Road,
Worli,
Mumbai - 400 018.

Registrar & Share Transfer Agents

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg,
Bhandup (West),
Mumbai - 400 078.

Corporate Website

www.onwardgroup.com

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Notice

NOTICE is hereby given that the Nineteenth Annual General Meeting of Onward Technologies Limited will be held on Friday, 16th July, 2010 at Victoria Memorial School for the Blind, Opp. Tardeo A/C Market, 73, Tardeo Road, Mumbai 400 034 at 3.30 p.m. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2010, the Balance Sheet as at that date and the Report of the Auditors and that of the Directors thereon.
2. To appoint a director in place of **Mrs. Shaila Mehta**, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a director in place of **Dr. Atul Wad**, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if deemed fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT M/s. Kirtane & Pandit, Chartered Accountants, Pune, be and are hereby reappointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company and that the Board of Directors of the Company be and are hereby authorised to fix their remuneration."

Special Business

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

RESOLVED THAT pursuant to special resolution passed in the Annual General Meeting held on August 31, 2009 for approval "Onward Employee Stock Option Plan 2009" approval of shareholders be and is hereby accorded for the commencement of vesting period under the "Onward Employee Stock Option Plan 2009" and it is hereby approved that the vesting period shall commence on the expiry of one year from the date of grant of the options to the employees and could extend up to a period four years from the said expiry of one year from the date of grant of options.

By the order of the Board of Directors

Place: Mumbai
Date: May 21, 2010

Harish Mehta
Chairman & Managing Director

Registered Office:
Sterling Centre, 2nd Floor
Dr. A. B. Road
Worli
Mumbai 400 018.

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 / HERSELF 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 commencement of 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 Register of Members and Share Transfer Books of the Company will remain closed from 14th July, 2010 to 16th July, 2010 (both days inclusive).
5. 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.:

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound
L. B. S. Marg, Bhandup, Mumbai-400078
6. Members / Proxies attending the Meeting are requested to bring their copies of Annual Report together with attendance slip at the meeting.
7. 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

ESOP 2009 scheme was approved by the shareholders at its meeting held on 31st August, 2009. The applications had been submitted with BSE and NSE for obtaining in-principal approval for the said Scheme. In this process the stock exchanges have suggested to mention the vesting schedule in the said ESOP Scheme 2009. Accordingly, the approval of the shareholders is being sought.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Notice (Contd.)

As required under Clause 49 VI of the Listing Agreement given below are the details of the director proposed for re-appointment of Mrs. Shaila Mehta and Dr. Atul Wad.

Mrs. Shaila H. Mehta holds a Master in Science (Statistics) Degree from the University of Mumbai and a Diploma in Systems Design & Analysis from Connecticut, USA. Mrs. Mehta is also an Executive Director in Onward eServices Limited, a Company engaged in providing solution to Banking & Financial Institutions.

Dr. Atul Wad holds a Ph.D and M.S. from J.L. Kellogg Graduate School of Management, Northwestern University, Evanston, IL. He also has a Bachelor of Technology Degree in Mechanical Engineering from IIT.

Dr. Wad has over twenty five years of experience in corporate strategy, sustainable business development, technology and trade in emerging markets in Africa, Asia, Latin America and the Caribbean as a consultant, entrepreneur and academician. Bringing a strong emphasis on sustainability and governance, he specializes in the different aspects of designing and implementing value added technology based ventures that build upon the competitive resources of these countries and that produce social and environmental returns in addition to private. He has been involved in starting or building such ventures in various sectors. He has been active in developing support systems for sustainable technology based ventures (incubators), advising such companies in technology strategy, management, marketing, corporate governance, community engagement, trade and strategic alliance formation, assisting in raising financing at various stages in the growth of these companies, providing policy analysis to governmental and international agencies in the technology and trade areas, and conducting policy research on the issues involved in sustainable business development in emerging markets. He has also taught, lectured and published in this field.

By the order of the Board of Directors

Place: Mumbai
Date: May 21, 2010

Harish Mehta
Chairman & Managing Director

Registered Office:
Sterling Centre, 2nd Floor
Dr. A. B. Road
Worli
Mumbai 400 018.

Directors' Report

To,

The Members,

Your Directors are pleased to present before you the NINETEENTH ANNUAL REPORT together with Audited Annual Accounts of the Company for the financial year ended 31st March, 2010.

Financial Performance

As a globally integrated unit, Onward operates through its Indian subsidiary, Onward eServices Limited (OeSL) and global subsidiaries in North America (Onward Technologies, Inc. (OTI) & Germany (Onward Technologies GmbH) and with global branch offices in UK (Onward Technologies Ltd., UK) & UAE (Onward Technologies Ltd., UAE).

The summarized consolidated results of the Company are as under :

	(Rs. in Lac)
	For the year ended 31.3.2010
	For the year ended 31.3.2009
Sales and Other Income (Net)	8,551.00
Profit before Finance Cost and Depreciation	404.10
Finance Cost	271.31
Depreciation	541.57
Operating Profit / (Loss) before Prior Period expenses	(408.78)
Prior Period Expenses	10.63
Profit / (Loss) Before Tax	(419.41)
Provision for Taxation	
- Current	12.71
- Deferred tax expense (including Fringe Benefit Tax) / (Benefit)	(156.91)
Profit / (Loss) after Tax	(275.20)
	9,444.56
	76.09
	378.93
	631.48
	(934.32)
	24.60
	(958.92)
	4.62
	333.12
	(1,296.66)

Transfer to Reserves

During the year, the Company has not transferred any amount to reserves.

Dividend

No dividend is provided for the year 2009 - 10 since the Company has reported losses during the year.

Operations

The Company has two major lines of focussed areas.

- 1) Mechanical Engineering Design Services (EDS)
- 2) IT Consulting Services (ITS)

EDS Operations are part of Onward Technologies in India & ITS operations are run through its wholly owned subsidiary, Onward eServices Ltd. (OeSL). Both these business lines are supported through global subsidiaries in North America (Onward Technologies, Inc. (OTI) & Germany (Onward Technologies GmbH) and with global branch offices in UK (Onward Technologies Ltd., UK) & UAE (Onward Technologies Ltd., UAE).

The financial year 2009-2010 started in the midst of highly uncertain market scenario, no clear visibility overseas though the worst part got over.

That continued scenario heavily impacted with dip in engineering services sales in the first two quarters mainly due to customers continued holding of various projects, continued postponements on additional work, delayed payments, freeze on budgets/hiring, etc.

Directors' Report (Contd.)

The swift actions as a part of strategic measures taken during the year and previous year to comb the implications of the economic melt-down, resulted positive during the year.

However, as per the guidance in the beginning; at the end of Election-2009 result; the stability and healthier growth of Indian Market started showing results from Q3. Further at the end of Q3 and beginning of Q4 the overseas and existing customer relationships renewed the discussion towards positive growth though it is further down the road.

Overall global crisis made newer and most of our relationships to greatly review the internal optimization, conservative spending and the business model with lower fixed expenses; higher variable in initiating newer programs and developments while focusing growth.

Erstwhile, the management has been vigilant and closely monitoring the scenario for positive growth at one end; on the other side taken various initiatives on improvements in operational efficiencies, re-sharpening effort, reinforce with great capabilities, teams and leadership in the chosen strategic areas.

The Company believes its value proposition of offering low-cost innovation driven engineering services got further strengthened during tough times for manufacturing industry. So the Company has continued making investments in areas it considers strategic to its business.

The Company has inducted some key leaders in the areas of Virtual Engineering, Thermal Management, Body In White/sheet metal structures, Power Train, Value Engineering, Manufacturing Engineering, Quality/Processes and Operations, for Sustained growth rates.

The Company continued it's investment in Upgrading Quality Certification to ISO:9001-2008, strengthening Sales and Business Development in domestic market, high-end technology tools for explicit/implicit and computational fluid dynamics such as Abaqus and Star-CD.

The Company also invested on Testing and Laboratory centre in Pune to enable the stronger relationships with our customers in offering and by taking art-part complete solution.

Based on the overall reinforcing efforts, initiatives and tremendous progress with capabilities, capacities built over period indicate that we are in right track in leveraging Onward's unique value proposition.

The Company believes that the worst is over and the situation is encouraging. However, we are not still out of it from growth perspective. The positive growth may be further down the road.

Onward's Business Model and the unique value proposition of low cost innovation driven mechanical engineering services are found to be healthier and stronger; because of the fact that it has weathered through tough stances and has emerged out successfully. Company further strongly perceives and continues to focus on the business model with fullest advantage.

Human Resource Initiatives:

The **Centre of Excellences (CoE)** initiative taken over two years was further strengthened by various activities undertaken by the concerned groups. We recruited specialists and subject matter experts in the niche areas from the industry. Made teaming arrangements with various prototyping, manufacturing and testing facilities. Carried-out seminars, technical paper presentation, trainings, certifications, knowledge reposit/reuse practices, thus helped in enhancing the competencies, capabilities, business development, time to market, scalability, and certifications.

Innovation: During this year; Onward has been chosen amongst Top 100 innovation companies to be one of the participants of SAE Industry Innovator World Congress conference held in Detroit, USA. The forum is for an impressive display of products and services, limited to companies who accepted the "Innovators Only" challenge and have proven to be top industry innovators and solution providers.

Directors' Report (Contd.)

Training: Training is continuous talent development process at Onward to meet the change in expectations of our customer and the market. In order to facilitate and ensuring gainfully deployable for productivities and quality; we have put up thorough process of identifying the needs, expectations and gap analysis, fulfilling the gaps with training calendar and competent training instructors classroom, site visits, customer visits, on job, fun & learn activities, etc. These trainings are not only in the areas of enhancing the capabilities-software/process/application, but also towards customer orientation, value and solution selling, value engineering, project management, contractual and scope verification, design review process, security & IPR protection, Legal & Risk management, ISO & ISMS awareness, Delivery and Services framework, Onward cultural framework Knowledge-Walk The Talk-Innovation-Relationships-Leadership - KWIRL, etc.

Project Management & Quality Processes Initiatives: As a part of strengthening and enhance quality levels; the Project Managers and their teams were given training on Project Management Methodologies, a framework aligning with Design for SixSigma and processes/tools such as FMEA, DOE, QFD, A3 sheets, etc. They have started implementing various techniques learnt during the courses in the process of total solution offerings.

Employee Appreciation & Cultural Activities: Employees are appreciated for their achievements under various Annual Awards during the Onward Foundation Day, Pat-on Back certifications for excellence in respective areas during All Hands Meet. These innovative awards have unique feature of self nominations/manager nominations/ management nominations. Moreover, spot rewards are presented around the year for significant performance. Further there were quite happy moments and cultural activities celebrating festivals, engineer's day, green week, playing outdoor games like Cricket and indoor games caroms, chess, etc.

Compensation and Benefits: To ensure remain performance oriented, the compensation structure has been evolved based on post recession, during recession and after the fact. The structure ensures business growth, operational excellence, employee growth. The Company maintains the retrial, medical and other benefits which are at par with the industry. The key feature and the benefit each employee enjoys at Onward is the wide variety of opportunities vertical, horizontal and lateral while aligning in individual change in aspirations. Greater careers are designed at Onward with the engineering mindset.

Employee Connect & Relations: Staying connected with employees was utmost requirement during the year as the panic scenarios loomed around due to global crisis. Based on the employee satisfaction index levels, attrition level and business performance; we are quite proud to express our success in staying connected. This has been accomplished by means of thorough and seamless communication amongst senior business management team, ear marking primary spokes person, time-time communications and quarterly business reports on market scenario, business growth opportunities, initiatives to optimize utilization, enablers to convert opportunities, collaborative team work and involvement of employees in each aspect. Our initiatives of Quarterly report, All Hands Meet, i-suggest, help-desk, primary spokes person, town hall meetings, professional counselor have contributed to the great extent in staying connected with employees.

Professional Counseling: Professional counseling a must process in Onward and similar businesses where employees are the key assets. We have taken this with utmost importance and has been in place for quite number of years. A neutral professional counselor, on board helping and addressing the counseling effort. This counseling with a blend of Philosophy and Business is addressing Personal and Professional life balancing and contributing higher satisfaction in respective zones. Taking these accomplishments; Onward has framed a session group wise mentor-mentee programs named "Parivartan" to run round the year to ensure aligning with Onward cultural framework: Knowledge-Walk The Talk-Innovation-Relationships-Leadership (KWIRL).

Subsidiaries

The subsidiaries of your Company are as follows:

Onward eServices Ltd.

The Company continued on its focus of increasing the profitability of its domestic operations and several steps were taken to meet the important milestone. The Company posted an operational margin from its current business of Rs 1.27 Crore before interest and depreciation, an excellent achievement by the entire team.

Directors' Report (Contd.)

The Company also took several steps in changing the focus of its business operations, which was predominately focused on the domestic banking sector to a larger focus on the IT Services sector, which is undergoing a massive automation and computerization across the country. We were successful in winning few large deals in South & East India where we are ramping up our operations. We also moved in to a new office building in Chennai (Onward House) which is used by both our Sales & Development Teams.

The companies also completed its restructuring of its team and focus in North India and moved into a new office in Delhi. The Company has already exited several client projects with no scope of expansion & limitation for growth, so the management team can be 100% focused on its key clients and continuously improving the quality of services across these projects. The feedback has been positive with the renewal of close to 80% of its business and several large client projects in the pipeline.

The target for the Company in F.Y. 2010-11 is to grow profitably with a strong focus on becoming an important services player in the open source initiatives across the country.

Onward Technologies GmbH

Germany is a mecca of Mechanical Engineering profession. The German market is attractive for Onward.

During the year, Onward strengthened the current relationships, added newer relationships and foresee great increase in response in the coming years.

The Company continues to make investments in the German Market. We have to remain invested for a long period as we are optimistic to see good results.

Onward Technologies, Inc.

The Company's North American subsidiary had a very healthy year in line with projections and has recorded profit of Rs.136.83 Lac for F.Y. 2009-10 as compared to Rs.161.30 Lac in F.Y. 2008-09.

The North American subsidiary will continue to focus and expand both its line of business in Mechanical Engineering Design Services & IT Consulting Services. The Company has been successful in delivering several mission critical projects for its North American customers, many of which have been working with the Company for the past few years. The Company has also been successful in opening several new accounts across the Mid-West & North-East which will have a direct positive impact on the growth and profitability in F.Y. 2010-11 and next few financial years.

The Company has also received excellent services feedback from all its large customers which continue to grow and leverage Onward's Global Delivery Model. We expect a substantial increase in demand for these services & plan to invest in additional infrastructure to support these requirements. The Company has also started expanding the Sales & Business Development Teams to increase the reach in the market & to leverage these relationships and grow the consulting business in North America.

The forecast for F.Y. 2010-11 is very promising & the management team is positive of growing the business both in terms of revenue & profitability.

Shantmurali Holdings Pvt. Ltd.

During the year under review, the Company did not undertake any substantial activities.

Share Capital

During the year there has been no change in the paid up Share Capital of the Company. At present the paid-up capital is Rs.132,728,700 divided into 13,272,870 Equity Shares of Rs.10 each.

Fixed Deposits

During the year under review, the Company had not invited or accepted any deposits from the Public.