



*Help Customers Gain Competitive Advantage  
in the Global Marketplace*

**20<sup>th</sup> Annual Report 2010-2011**

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

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

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## Notice

NOTICE is hereby given that the Twentieth Annual General Meeting of Onward Technologies Limited will be held on Friday, 15<sup>th</sup> July, 2011 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 31<sup>st</sup> March, 2011, 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 **Mr. Harish Mehta**, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of **Mr. Pradip Dubhashi**, 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 the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII to the said Act and subject to approval from the Central Government and from such other authorities and agencies as may be applicable in this regard, and as per the approval and recommendation of the Committee, the consent of the Company be and is hereby given to reappoint Mr. Harish Mehta as Chairman and Managing Director for the tenure of five years w.e.f. 1<sup>st</sup> April, 2011.

Remuneration as follows:

- (a) Salary : Rs.3,00,000/- per month aggregating to Rs.36,00,000/- per annum.
- (b) Perquisites:
  - (i) Unfurnished residential accommodation, the Company paying all rents, taxes and other expenses for the upkeep and maintenance of such accommodation or House Rent Allowance in lieu thereof, subject to the condition that the expenditure by the Company on hiring, upkeep and maintenance or house rent allowance in lieu thereof shall not exceed 60% of the salary.
  - (ii) Special Allowance up to a maximum of Rs.50,000/- per month subject to the discretion of the Board of Directors of the Company.
  - (iii) Expenditure on gas, electricity and water charges as also furnishings at the residence to be borne by the Company.
  - (iv) Use of one Motor Car with Driver with all running and maintenance expenses to be paid for by the Company.
  - (v) Benefit of the Provident Fund Scheme, Superannuation and Annuity Fund Scheme as per Company's Rules together with the benefit of any retirement fund or scheme, which the Company may introduce in the future.
  - (vi) Gratuity in accordance with the rules of the Company.
  - (vii) Reimbursement of actual medical expenses incurred for self and family as per Company's Rules.
  - (viii) Benefit of Sick Leave in accordance with the Rules of the Company.
  - (ix) Thirty days Privilege Leave with full pay and allowance for each completed year of service; the said leave being accumulatable and encashable at the end of his tenure.
  - (x) Benefit of 1st Class air / air conditioned train and/or such other mode of conveyance as the appointee may opt for, for self and family, while on Privilege Leave together with Hotel, Board and Lodging expenses as per the rules of the Company.

**Notice (Contd.)**

- (xi) Personal Accident Insurance cover at the cost of the Company provided that the actual premium thereof does not exceed Rs.4,000 p.a. or such other amount as the Board of Directors may deem fit.
  - (xii) Use of one Telephone at the residence and one Mobile Phone for the Company's business provided that the cost of personal long distance calls, if any, shall be reimbursed by the appointee to the Company.
  - (xiii) Fees (excluding life membership and entrance) of maximum of two clubs together with the benefit of all expenses incurred thereat towards the business of the Company.
  - (xiv) Reimbursement of business promotion/entertainment expenses/books and periodicals expenses incurred towards the business of the Company at actual.
- (c) Incentive:  
Performance based incentive shall be payable to Mr. Harish Mehta at the end of the Financial Year based on the discretion of the Board not exceeding 5% of net profits of the Company.

**RESOLVED FURTHER THAT** in case of inadequacy of profits or absence of profits in any financial year during the tenure of Mr. Harish Mehta, Chairman and Managing Director, he shall be paid remuneration as stated aforesaid and such remuneration shall be deemed as the Minimum Remuneration payable to him;

**RESOLVED FURTHER THAT** in case the aggregate remuneration consisting of Salary, Incentive, Bonus, perquisites and benefits as aforesaid for any financial year during the tenure of Mr. Harish Mehta, Chairman & Managing Director, exceeds the limits of Sections 198, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Section 1 of Part II of Schedule XIII to the said Act or Section II of Part II of the said Schedule XIII to the said Act based on the prevailing Effective Capital of the Company from time to time, the Company do make payment of such remuneration to Mr. Harish Mehta, Chairman & Managing Director subject to the approval of the Central Government and such other authorities as may be necessary in this regard;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required to give effect to this resolution."

**By the order of the Board of Directors**

Place: Mumbai  
Date: May 16, 2011

**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 is annexed to this notice. The bio data of the Directors proposed to be appointed / re-appointed is also annexed to this Notice as required under the Listing Agreement.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 13th July, 2011 to 15th July, 2011 (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

**Notice (Contd.)**

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.
8. The Ministry of Corporate Affairs, has come out with a circular dated 29th April 2011 which allows the companies to send documents including Annual Reports and other intimation by an email. Therefore you are requested to register your email IDs with the Company at **grd@onwardgroup.com**. The Company is already having email ID of the members holding their shares in Demat through their respective Depository Participants. The said email ID shall be considered as registered email ID for the said members unless informed otherwise to the Company or Registrar and Transfer Agent.

**Explanatory Statement Pursuant to the Provisions of Section 173(2) of the Companies Act, 1956.****Item No. 2 and 5:**

**As required under Clause 49 IV of the Listing Agreement given below are the details of the directors, Mr. Harish Mehta and Mr. Pradip Dubhashi proposed for re-appointment:**

**Mr. Harish Mehta** has more than 35 years of cumulative experience in the Indian IT and Engineering services Industry and is the founder of Onward Group. Onward Technologies today is a publicly traded company with over 1,350 people and is a leading name in the Indian Engineering and IT services industry. Onward has grown catering to the technically rich, highly demanding, latitudinally diversified and pressure intensive Mechanical Engineering Design and IT business needs of their respectful clients across the globe. Onward has been successfully executing and implementing myriads of strategic Engineering and IT assignments for its clients and business partners from all over the world - Singapore, USA, UK, Germany, Japan, Middle-East and India. Its development centers are located in Mumbai, Chennai and Pune.

Mr. Mehta is a Governing council member of Indian Angel Network. He is a Director of Gujarat Venture Finance Limited. He is a Governing Council member of College of Engineering, Pune (COEP).

Mr. Mehta was the Deputy Chairman & Managing Director of Onward Novell Software (I) Ltd. (1993-2005), a 50:50 JV between Onward group and Novell Inc.

He was one of the Chief Architects for realizing the Hinditron - Digital Joint Venture in India.

Mr. Mehta has been a founder member of NASSCOM (National Association of Software & Service Companies), former Chairman and member of the Executive council. He is a trustee of Nasscom Foundation.

He was the first President of TiE – Mumbai. TiE is a non-profit global network of entrepreneurs and professionals, established to foster entrepreneurship and nurture entrepreneurs. He was a trustee of TiE Global (2001-2004) and a member of the Advisory Council India for American India Foundation.

He has successfully chaired Indian and International conferences as Managing Trustee of Trust to Promote Advanced Technologies in India. (TPATI). He is a trustee of Onward Foundation.

He is an Electrical Engineer from College of Engineering, Pune and a Master in Computer Science from Brooklyn Polytechnic Institute, NY, USA. In the year 1994 he was conferred with the CEO of the year award by N M Institute of Management and TATA HRD Network. He has been conferred with the Distinguished Alumnus award in 1995 by College of Engineering, Pune. Mr. Mehta was honored with Life time Achievement award for HR excellence by Deccan Herald in 2004.

He holds directorship in the following companies:

Onward eServices Ltd.  
 Onward Technologies GmbH, Germany  
 Shantmurli Holdings Pvt. Ltd.  
 Onward Technologies, Inc., USA  
 Gujarat Venture Finance Limited  
 Onward Network Technologies Pvt. Ltd.  
 Desai Finwealth Investments & Securities Pvt. Ltd.  
 Onward Software Technologies Pvt. Ltd.  
 Data Security Council of India  
 Innovizetech Software Pvt. Ltd.

**Notice (Contd.)**

Mr. Harish Mehta was re-appointed as the Managing Director of the Company for three years w.e.f. 1<sup>st</sup> January, 2009 and approval from Central Government was obtained for the payment of his remuneration. Thereafter, he has turned around the Company and generated new businesses for the Company. Therefore, the Board has proposed to increase his remuneration for the remaining tenure. However, there are only 9 months left for his current tenure to lapse. Since the Board has decided to revise the remuneration of Mr. Harish Mehta, it was decided to change his tenure of re-appointment also with the revised terms and conditions and therefore it was decided by the Board in its meeting held on 16<sup>th</sup> May, 2011 to re-appoint him as the Chairman and Managing Director of the Company for the period of five years w.e.f. April 1, 2011.

Re-appointment of Managing Director requires approval from the shareholders. The Board recommends the said resolution for your approval. No Director of the Company other than Mr. Arun Meghani and Mrs. Shaila Mehta is concerned or interested in the aforesaid Resolution.

The resolution along with accompanying Explanatory Statement may be treated as abstract of the terms of appointment and Memorandum of Interest within the meaning of Section 302 of the Companies Act, 1956.

**Item no. 3:**

**Mr. Pradip Dubhashi** has expertise in management consultancy and finance related fields. Mr. Dubhashi holds 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, IEEE, NCST, ASCI and others in advanced topics in finance, management and technology areas.

He holds directorship in the following companies:

Onward eServices Ltd.  
Prime Securities Ltd.  
Microline India Pvt. Ltd.  
PTP Technologies Ltd.  
Indiacore Ltd.  
Atco Ltd.  
Krishidhan Seeds Ltd.

Member of Audit Committee:

Prime Securities Ltd.  
Krishidhan Seeds Ltd.  
Onward eServices Ltd.

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

**By the order of the Board of Directors**

Place: Mumbai  
Date: May 16, 2011

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

**Harish Mehta**  
*Chairman & Managing Director*

## Director's Report

To  
The Members,

Your Directors are pleased to present before you the TWENTIETH ANNUAL REPORT together with Audited Annual Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2011.

### 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:

	<b>(Rs. in Lacs)</b>
	<b>For the year ended 31.3.2011</b>
	<b>For the year ended 31.3.2010</b>
Sales and Other Income (Net)	10,433.42
Profit before Finance Cost and Depreciation	1,169.83
Finance Cost	243.17
Depreciation	461.00
Operating Profit / (Loss) before Prior Period expenses	465.66
Prior Period Expenses	23.15
Profit / (Loss) Before Tax	442.51
Provision for Taxation	
- Current	19.05
- Deferred tax Expenses / (Benefits)	(76.41)
- Wealth Tax	0.25
Profit / (Loss) after Tax	499.62

### Transfer to Reserves

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

### Dividend

The overall performance of the Company has been satisfactory. The Company sees tremendous growth prospects and to capitalise on the opportunities the management has not recommended any dividend for the current financial 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 2010-2011 started in the midst of market revival, with a healthy note for engineering services business. Global automotive industry, Indian auto industry, Off-highway equipment industry and General engineering industry all showed healthy growth. The Company's product engineering and Manufacturing engineering services capabilities saw good demand everywhere.



## **Director's Report** *(Contd.)*

The Company believes its value proposition of offering low-cost innovation driven engineering services has started yielding good results. It is further confident the investments made in medium term will benefit the Company in long term.

The Company continued its investment in high-end technology tools such as RobCAD the robotic plant automation and simulation tool, CATIAv5, Unigraphics, Pro/ENGINEER, AutoCAD along with High End computing machines.

Your Company has grown at a rapid pace during the last year and after consolidating its position, is now ready to take the next quantum jump. Its global delivery business model of offering blended onsite, near shore, offshore and domestic services has helped to increase its manpower base substantially. The Engineering Services Business has grown 20% in this year as compared to last year.

During the year, your Company has invested substantially in creating world class infrastructure.

Onward's belief on Business Model and the unique value proposition of low cost innovation driven mechanical engineering services are proven to be healthier and stronger.

### **Human Resource Initiatives:**

Given the nature of the Company's business, it was indeed a need to align the talented work force with the predefined cultural frame work and enrichment of various initiatives per the following:

The **Centre of Excellences (CoE)** at Onward has been an exciting forum not only from the business development perspective, but also to employees as well to our customers. It is mandatory from the stage of joining the organization to take part actively in one or more CoEs. Through CoEs, Onward has been enriched with pool of engineers with various world recognized global certifications in addition to Onward certifications in the areas of Value Engineering, Quality, Castings, Sheet metal, Plastics, Engine, BIW, Security, Project Management. We inaugurated and made operational the Thermal Chamber a testing facility as a part of Cold Storage Equipment performance testing related activities, thus helping in enriching our offerings to customers just not the design and verification, but also prototype and validated for SoP (Start of Production) enabled. The value creation has resulted in large employee satisfaction in realizing their dreams as engineers. Further this is helping in enhancing the competencies, capabilities, business development, and time to market, scalability, and certifications.

**Innovation:** During this year, Onward has been recognized and received appreciations on various innovations and corresponding contributions given to customers. Many of these innovations have been led towards Patent Disclosure effort. The ideas and the projects resulted into POC building from the team, with an impressive display of products, and have proven to be top amongst innovations. Entire team is promoting Innovation as community of practice at Onward in whatever we do.

**Training:** Training at Onward has been the key enabler during the year's growth especially in preparing the engineers to understand Onward ways of doing right first time, customer oriented to match with change in expectations and get ready to be deployed with respective customer projects and programmes. There have been continuous efforts and various initiatives in talent development with an investment on highly specialized Robotic Plant automation simulation software – RobCAD, CAD software: Catia, Unigraphics, KBTD; CAE software: StarCCM, Abaqus, Hypermesh, Ansys, Ansa, Matlab with high end computing machines. Formation of technology training centre as Onward finishing school is the key enabler.

**Project Management & Quality Processes Initiatives :** As a part of strengthening and enhance programme management and to be business oriented; the Business Managers and Project Managers were given training on Finance for Non-finance Managers, Customer relationship Management, a framework aligning with Disciplined approach with Quality and Customer expectations management. There have been continuous and periodical review processes with metrics in enriching the overall customer management. Prestigious clientele visited during the year, assessed and appreciated the overall policies, process frame work and adherence throughout the organization on ISO: 9001-2008 and ISO: 27001. The senior management commitment towards configuring and enriching the processes towards the changing business models has been well appreciated.

## Director's Report *(Contd.)*

**Employee Appreciation & Cultural Activities:** Employee appreciations and cultural activities at Onward have taken a great positioning during the year. In addition to time to time pat-on-back, various recognitions at All Hands meet, Onward Foundation Day, quarterly project reviews/closures, customer visits/reviews, get-together and picnics for successful project delivery celebrations.

Most of the recommendations and recognitions have been from customers, as a delight feature during the year. Additionally, ESOPs have been offered to key performers during the year. Moreover, spot rewards are presented around the year for significant achievement or accomplishments – talent references, customer references, and solutions on wicked problems. Further there were quite happy moments and cultural activities celebrating festivals, playing outdoor games like Cricket, Badminton, Swimming and indoor games caroms, chess, etc.

**Compensation and Benefits:** The compensation structure post-recession driving the overall mindset towards performance oriented in ensuring business growth, operational excellence and employee growth. The key feature during the year is that Company offered ESOPs to key performers. Additionally, maintaining the retiral, medical and other benefits, company car schemes 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. The management has invested in strengthening and providing global careers, Innovation based solution programmes, entrepreneurial business management.

**Employee Connect & Relations:** Staying connected with employees is a passion at Onward. There are various efforts in order to encourage their involvement in various initiatives and decisions. Employees at Onward enjoy this status and voluntarily come forward in enriching the employee satisfaction. We have a process where every employee gets opportunity to participate in any given area could be cultural, business, social events, Knowledge Portals, operational, employee referrals, customer referrals, etc. This has been possible due to quarterly mentor-mentee review process with cross functional assessment, feedback exchange and realigns the aspirations and development road map. From this, Onward capitalizes in building leaders in Business, Technology, Application, Function and Process for scale and sustain business growth.

## Subsidiaries

The subsidiaries of your Company are as follows:

### Onward eServices Ltd.

During the financial year the business operations of the Company has been satisfactory and encouraging, maintained the steady revenue growth. During the year the Company has invested heavily on Manpower recruitments and trainings to align it with the business requirement which has helped the Company to increase its capabilities.

The Company has successfully scaled up its operations and made a positive progress in terms of revenue growth by grabbing large size orders to be executed in the Financial Year 2011-12.

### Onward Technologies GmbH

The German & European region has been a very important & critical market for Onward business model. The Company today works with several large prominent companies across Europe which is all scaling up their global operations & investments in R&D.

The Management of the Company has taken the necessary decisions & investment budgets to scale up the operations and provide a dedicated focus to this region. The Company has recently appointed a dedicated Management/ Sales & Execution Teams, starting from April 2011 for the Europe region.

The Company expects the overall percentage of revenues from Germany & Europe region growing substantially year on year for the next few years.