

Product Engineering | Virtual Simulation | Manufacturing Solutions | Value Engineering Solutions



# 21<sup>st</sup> Annual Report 2011-2012

**Help Customers gain competitive ADVANTAGE  
in the GLOBAL marketplace**

**Board of Directors**

Mr. Harish Mehta	Chairman and 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, 2<sup>nd</sup> 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 twenty-first Annual General Meeting of Onward Technologies Limited will be held on Friday, July 27, 2012 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 Statement of Profit and Loss for the year ended March 31, 2012, 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. Arun Meghani**, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of **Mr. Samir Desai**, 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 authorized 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 provision of Section 314 (1B) and other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of the Central Government and subject to such other approvals, permissions, consents and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions, consents and sanctions, the consent of the members of the Company be and is hereby accorded to Mr. Jigar Mehta, a relative of Mr. Harish Mehta and Mrs. Shaila Mehta, directors of the Company to continue to hold an office or place of profit in the Company as Vice President – Global Operations on following revised remuneration and the terms and conditions with effect from 1st April, 2012.

a) Salary:

1. Basic Salary	: ₹ 275,000 per month
2. HRA	: 40% of the Basic salary per month
3. Special Allowance	: ₹ 85,030 per month
4. Transport Allowance	: ₹ 800 per month
5. Performance Allowance	: ₹ 97,000 per month
6. Medical	: ₹ 1,250 per month
7. Leave Travel Allowance	: ₹ 22,917 per month
8. Provident Fund	: ₹ 33,000 per month

- b) Performance incentive: Incentive under this clause will be based on individual performance based on revenue targets. This will be determined by the board. However, the said incentive shall not exceed ₹ 50 Lac p.a.

**RESOLVED FURTHER THAT** the board of directors/committee of directors be and are hereby authorized to change/revise the designation, grade of Mr. Jigar Mehta and to increase, augment and/or enhance the gross remuneration to be paid to Mr. Jigar Mehta up to 20% per annum, effective from April 1 each year, first such increase to be granted with effect from April 1, 2013.

**Notice (Contd.)**

**RESOLVED FURTHER THAT** the board of directors (hereinafter referred to as “the board” which term shall be deemed to include any existing duly authorized 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 authorized 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 Mehta while he continues to hold an office or place of profit under the Company.

**RESOLVED FURTHER THAT** subject to section 314 (1B) of the Companies Act, 1956, the Company shall apply for 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 authorized to accept.”

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

Place: Mumbai  
Date: May 25, 2012

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

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

**Notice (Contd.)****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 July 25, 2012 to July 27, 2012 (both days inclusive).
5. Members are requested to address all correspondence pertaining to their securities mentioning either the folio number or 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 (West), Mumbai - 400078
6. Members/proxies attending the meeting are requested to bring their copies of annual report together with attendance slip at the meeting.
6. 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.
7. The Ministry of Corporate Affairs has come out with a circular dated April 29, 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 registrar and transfer agent of the Company. 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 3:**

**As required under Clause 49 VI of the listing agreement given below are the details of the director proposed for re-appointment of Mr. Arun Meghani and Mr. Samir Desai.**

Mr. Arun Meghani is a business entrepreneur and an industrialist and holds a degree in Business Administration from the USA.

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.

## **Notice (Contd.)**

### **Item No. 5**

Mr. Jigar Mehta was appointed as a Manager - Corporate Affairs by way of passing special resolution in 10<sup>th</sup> annual general meeting held on October 10, 2001. Thereafter his terms of appointment were revised with effect from July 1, 2004 by way of special resolution passed in the annual general meeting held on November 19, 2004 for appointing him as a General Manager - Corporate Affairs. The Company had applied for the approval for the said revision of remuneration and accordingly the approval received vide a letter dated October 27, 2005. Thereafter his terms of appointment were again revised with effect from February 16, 2009 by way of special resolution passed in the annual general meeting held on August 31, 2009 for appointing him as a General Manager - Corporate Affairs. Now considering his performance, board of directors is recommending elevating him to the post of Vice President - Global Operations. Therefore, his remuneration needs to be revised in consonance with his post, his responsibilities and commensurate with market rates. The said remuneration is exceeding the prescribed limit requiring approval from Central Government. Therefore, Company intends to revise his remuneration with approval from shareholders and from the Central Government also.

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.

Mr. Jigar Mehta is the 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, 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 authorized to accept.

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

Place: Mumbai  
Date: May 25, 2012

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

**Registered Office:**  
Sterling Centre, 2<sup>nd</sup> Floor  
Dr. A. B. Road  
Worli  
Mumbai - 400 018

## Director's report

To

The Members,

Your directors are pleased to present before you the twenty-first annual report together with audited annual accounts of the Company for the financial year ended 31<sup>st</sup> March, 2012.

### 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 office in UK (Onward Technologies Ltd., UK).

The summarized consolidated results of the Company are as under:

Particulars	(₹ in Lac)	
	For the year ended 31.3.2012	For the year ended 31.3.2011
Sales and other income (net)	13,196.97	10,433.42
Profit before finance costs and depreciation	1,392.25	1,169.83
Finance costs	410.19	243.17
Depreciation	453.27	461.00
Operating profit before prior period expenses	528.79	465.66
Prior period expenses	1.16	23.15
Profit before tax	527.63	442.51
Provision for taxation		
- Current tax	12.49	19.05
- Current tax (Mat)	114.99	—
- Mat credit entitlement	(114.99)	—
- Deferred tax expenses/(benefits)	(135.80)	(76.41)
- Wealth tax	—	0.25
Profit after tax	650.94	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 Limited (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 office in UK (Onward Technologies Ltd., UK).



## Director's report (Contd.)

**Global customers believed in our strength:** The financial year 2011-2012 saw robust addition of International customers from India, Europe and US markets. In all, 23 new customers in engineering business were added majorly pushing-up demand for areas in product engineering group, virtual simulation engineering group and manufacturing engineering group. Onward added 200+ mechanical engineers with domain expertise in Powertrain, BIW, Thermal, Seating, Interiors, Virtual Simulation and Analysis.

**Customer support, delight and appreciation:** The sales and business development teams were strengthened to support global customer enquiries from all over the world. Major contracts were signed and orders received from Original Equipment Manufacturers (OEM), their captives and tier-1 suppliers. Customers have applauded deliveries which were highly complex in nature, further establishing Onward as a global leader in mechanical engineering services and solutions.

**Record established:** MasterCAM product team added over 50 customers from a single state in a single quarter thus breaking the record of highest order from a single state. Continued to secure one amongst the top 10 worldwide reseller for SAARC countries consecutive third year.

**Domain specialists:** To further enhance customers' experience and confidence, Onward has added experienced specialists in niche areas of agri-equipment, construction equipment, engines and transmissions, chassis, body engineering, seating and interior systems and BIW-fixtures and tooling.

Corporate values and growth strategy alignment through Onward-SHINE, an internal motivational theme was conceptualized by the management and adopted by all stake-holders to achieve aggressive growth plans with sustenance, honest, innovation, noble and excellence. A significant and distinctive Onward marque.

**Facility upgradation:** Onward has further invested in opening new offices at Frankfurt, Germany and Bangalore, India. We expect both these to be important regions for Onward presence and providing dedicated support for client engagements.

**Customer data security:** Onward has diligently invested in its up-gradation of infrastructure and IT high-end servers (NAS, Intranet, etc.) for efficient handling of IT-related data management in secured manner. The addition of intranet servers has significantly enhanced the capabilities of internally developed sales enquiry tools, project management tools, and knowledge management tools.

### Human resource initiatives

Onward has found success in its manpower planning process that steps-up and supports its unique business model. The sourcing and staffing models strategically complement each other. With business performance indicators in place, review models and strategic committees were conceptualized and introduced to foster healthy project deliveries and in turn customer satisfaction.

To raise quality standards to world class level, a formal **Design Review Board** was formed to monitor critical projects and steer them to success resulting in repeat orders from both Indian and International customers.

The **Resource Management Team** adopted quick turnaround models so as to acquire, enhance and match critical skill-sets to meet global customer demands. Over 26,000 hours of technical training and 16,000 hours of soft-skills, etiquette, behavioral and language trainings were imparted round the year. The training team works in conjunction of the need of the centers of excellence, knowledge management, resource management group and overall organizational growth demands.

Our internal **Centers of Excellence (CoE)** had technology up-gradation of all its core competency areas of technology platforms and process platforms. Granting access to significant trainings and tools to our engineers is the fundamental aspect of this CoE's. It is mandatory for every Onwardian to join a CoE, to learn and contribute world-leading technical innovations. Each CoE helps decision-makers to rapidly orient to global customer specific demands supporting the CoEs, in general is the **Knowledge Management Committee**. Onward has indigenously developed an internal KM tool that harnesses global technology trends.

**Program Management and Quality Enhancement** were further strengthened by adopting significant metrics and project-health indicators. Onward has always regarded these areas as the highest delivery priority aspects. Hence, technical and managerial specialists were added in areas of agri-equipment, construction equipment, engines, transmission, chassis, body engineering, seating, interior systems, BIW-fixtures and tooling.

## Director's report (Contd.)

**Employee recognitions:** Onward celebrated its 20<sup>th</sup> anniversary amidst grand fun-fare, employee appreciations and cultural activities with a theme of sophistication-sustainability-scale. During the year, recommendations and recognitions were received by Onwardians directly from customers stating the technologically different approaches we use. Additionally, Onward offered ESOPs, spot rewards to key performers during the year.

Onward has put in place an exclusive team of **Employee Relationship Executives**, working towards harmonization of employees' goals by proactively reaching out to them, understanding aspirations and challenges and bring quick solutions to their grievances with personalized focus. At each stage, the HR personnel along with business managers, program managers and stake-holders are constantly thriving to put in place a perfect work-life balance, at all levels.

As stress busting mechanism, **Behavioral and Personal Counseling** plays a crucial role in Onward's employee management strategy. Onward acknowledges the need for the same and has put in place mechanism to counter and thwart such stresses on its engineers. Internal personal counseling sessions are conducted and employees are made to feel safe and secure. Assurance of information confidentiality is a guaranteed aspect in the process.

### Subsidiaries

The subsidiaries of your Company are as follows:

#### Onward eServices Limited

Company during the FY 2011-12 has seen all-round growth and has consolidated the strategic alliances with large SIs (System Integrators) and has successfully delivered turnkey projects including data migration, training and handholding support to various institutions of both public and private sectors.

In state of Tamil Nadu, Onward has been replicating success stories across various e-Governance initiatives that includes developing online portals, web based centralized application as well as developing and implementing a comprehensive banking application for Co-operative institutions. This banking application is being piloted in different states across the Country.

With renewed zest, we are well positioned to further strengthen our strategic partnerships with our clients and SIs. The trust and support of our clients, employees, and shareholders inspire us to consistently raise the bar of our performance.

#### Onward Technologies GmbH

Onward Technologies GmbH operations moved its main sales office from Wiesbaden to Frankfurt in FY 2011-12. The Company has appointment focused management and sales team operating at the newly opened Frankfurt office which will cater to customers across Europe, including UK. Germany being the engineering leader of the world was chosen as Onward's European headquarters. The Company has plans to continue investment in Germany and the European continent over the next 3 years in the phase wise approach.

In our first year of operations, the focus was to create Onward brand awareness and meeting maximum prospects and engineering ecosystem of the country. We have been very pleased with the progress and have been able to establish Onward as a vendor in few of the most prominent European companies. Today, we have successfully working with global leaders in Germany, UK, Italy, Austria and Sweden.

Over the next 12 months, we will expand the sales and delivery teams in Frankfurt with a combination of both local hires and experienced Onward personnel. The focus will continue to establish Onward as an engineering partner of choice and become a preferred outsourcing vendor. We expect the growth momentum of our operations in Europe to accelerate and becoming an integral part of our business model.

#### Onward Technologies, Inc.

The Company has continued investing in expanding its presence in North America. The investment has been both in ramping up existing teams and create additional space for both its existing operations in the Midwest and the Northeast.

To help facilitate this expansion, the Boston office is moving into a bigger state of the art facility in the Seaport area, one of the most prestigious and fast growing business district of Boston. The Midwest expansion will be facilitated by an additional office in Michigan. Both these offices will be fully functional by July 2012.