

2021-22
ANNUAL REPORT



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Forward-looking statements

The report contains statements that relate to the Company's future operations and performance. These statements can be identified by the usage of words such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operating or financial performance. These forward-looking statements are dependent on assumptions, data or methods that may be inaccurate or imprecise and hence are not guarantees of future operating, financial and other results. They constitute our current expectations based on reasonable assumptions. The Company's actual results could materially differ from those projected in any forward-looking statements due to various future events, risks, and uncertainties some of which are beyond our control. The Company does not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



For more details,
please visit:

www.onwardgroup.com

Corporate Information

Board of Directors

Harish Mehta

Founder & Executive Chairman

Jigar Mehta

Managing Director

Prachi Mehta

Director

Rahul Rathi

Director

Parish Meghani

Director

Subrata Kumar Mitra

Director

Jay Sonawala

Director

Harsha Raghavan

Director

Statutory Auditors

Price Waterhouse Chartered Accountants LLP

Internal Auditors

Ahuja Valecha & Associates LLP

Secretarial Auditors

Nilesh A. Pradhan and Co., LLP

Registered Office

Sterling Centre, 2nd Floor

Dr. A.B. Road, Worli,

Mumbai - 400018

Tel: 022- 24926570

Corporate Identity Number

L28920MH1991PLC062542

Website

www.onwardgroup.com

Investor Relations

investors@onwardgroup.com

+91 22 2492 6570

Registrar and Transfer Agents

Link Intime India Pvt Ltd.

C- 101, 247 Park,

L.B.S Marg, Vikhroli West,

Mumbai - 400083

Bankers

ICICI Bank

HSBC

PNC Bank



Directors' Report

Dear Members,

The Board of Directors are pleased to present the 31st Annual Report of the Company along with Financial Statements (Consolidated and Standalone) for the financial year ended March 31, 2022.

I. FINANCIAL AND OPERATIONAL HIGHLIGHTS

Your Company's financial performance for the year ended March 31, 2022 as compared to the previous financial year ended March 31, 2021 is summarized below:

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021
Revenue from Operations	23,439.50	17,266.72	30,726.87	24,036.66
Other Income	560.01	846.14	2,153.11	533.52
Profit before Finance Cost, Depreciation and Taxes	2323.88	2,807.25	4294.03	2,258.12
Finance costs	101.24	207.94	100.56	232.38
Depreciation	920.96	928.48	1,010.51	1,044.47
Operating profit	1,301.68	1,670.83	3,182.96	981.27
Exceptional items	-	-	-	-
Profit before Tax	1,301.68	1,670.83	3,182.96	981.27
- Current Tax	275.85	370.78	390.70	373.56
- Deferred Tax	93.35	33.34	423.86	(126.08)
Total tax expense/(credits)	369.20	404.12	814.56	247.48
Profit after Tax	932.48	1,266.71	2,368.40	733.79
Other Comprehensive Income	(48.85)	10.79	(64.28)	(28.89)
Total Comprehensive Income for the Period	883.63	1,277.50	2,304.12	704.90

COMPANY'S PERFORMANCE OVERVIEW

During the financial year 2021-22:

- On a consolidated basis, your company achieved a Revenue from Operations of ₹ 30,726.87 Lakhs, increased by ₹ 6,690 Lakhs over the previous year revenue from operations of ₹ 24,036.66 Lakhs.
- Profit after Tax of your Company for the current year is ₹ 2,368.40 Lakhs against previous year of ₹ 733.79 Lakhs. The increase in profit was due to increase in other income due to waiver of the loan amounting to ₹ 1,503.91 Lakhs under Paycheck Protection Program and recovery of ₹ 294.42 Lakhs under the Employee Retention Credit relief available under The Coronavirus Aid, Relief and
- Economic Security Act (CARES Act) introduced by the USA Government.
- Revenue from Operations on standalone basis for the year ₹ 23,439.50 Lakhs, increased by ₹ 6,173 Lakhs over the previous year revenue from operations of ₹ 17,266.72 Lakhs.
- Finance costs for the year ₹ 101.24 Lakhs decreased as compared to the previous year of ₹ 207.94 Lakhs.
- Profit after Tax for the current year is ₹ 932.48 Lakhs against previous year of ₹ 1,266.71 Lakhs. The Profit after Tax was decreased by ₹ 334.23 Lakhs due to decrease in other income due several as no dividend income is received from subsidiary in current financial year.

IMPACT OF COVID-19

The second wave of Covid-19 hit hard in early April 2021, and we witnessed yet another lockdown thereafter. The situation remained same as the previous year, and it brought global business activity to a screeching halt. Companies continued to face revenue losses while ensuring uninterrupted services to the clients. Keeping health and safety as a top priority, your Company arranged vaccination drives across all the region for employees.

DIVIDEND

Based on the Company's performance, the Board of Directors at their meeting held on May 13, 2022, has recommended payment of ₹ 3/- (₹ Three only) (30%) per equity share of the face value of ₹ 10/- (₹ Ten only) each as final dividend for the financial year ended March 31, 2022. The payment of final dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting ("AGM") of the Company.

Your Company has formulated a Dividend Distribution Policy duly approved by the Board at its meeting held on May 13, 2022. This policy is available in the investor section of the website of the Company at www.onwardgroup.com

TRANSFER TO RESERVES

Your Company did not transfer any sum to General Reserves for the financial year ended March 31, 2022.

FIXED DEPOSITS

In terms of the provision of Sections 73 and 74 of the Companies Act, 2013 read with the relevant rules, your Company has not accepted any fixed deposits during the year under review.

TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND:

In accordance with the applicable provisions of Companies Act, 2013 (hereinafter referred to as "the Act") read with Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as the "IEPF Rules"), all unclaimed dividends are required to be transferred by the Company to the IEPF, after completion of seven (7) years. Further, according to IEPF Rules, the shares on which dividend has not been claimed by the shareholders for seven (7) consecutive years or more shall be transferred to the de-mat account of the IEPF Authority. During the Financial Year 2021-22 the Company has not completed Seven (7) years. Hence, the unclaimed amount of dividend are not transferred in the IEPF.

II. CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the provisions of the Act, Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") and applicable Accounting Standards, the Audited Consolidated Financial Statements of the Company for the financial year 2021-22, together with the Auditors' Report form part of this Annual Report.

III. DETAILS OF SUBSIDIARIES/JOINT VENTURES/ASSOCIATE COMPANIES

As on March 31, 2022, the Company has one Indian subsidiary and four foreign subsidiaries:

Sr. No.	Name of Subsidiary Companies	Country of Incorporation	Percentage of holding
1.	Onward Technologies Inc. (OTI)	USA	100%
2.	Onward Technologies GmbH (OTG)	Germany	100%
3.	Onward Technologies Canada Inc., (OTCA)	Canada	100%
4.	Onward Technologies BV (OTBV)	Netherlands	100%
5.	OT Park Private Limited (OT Park) (formerly known as NV Pune Technology Park Pvt. Ltd.)	India	100%
6.	Onward Properties Private Limited (OPPL)	India	--

During the year under review, following changes took place:

- The Company has acquired entire equity shareholding and preference shares of OT Park on December 1, 2021. Consequent to the acquisition of entire shareholding, OT Park has become a wholly-owned subsidiary of the Company.
- Onward Technologies Canada Inc. and Onward Technologies BV were incorporated as wholly-owned subsidiaries on May 25, 2021 in Toronto, Canada and June 04, 2021 in Netherlands respectively.

- c. The Registrar of Companies issued a Certificate in form STK-7 under Section 248(2) of Companies Act, 2013 regarding struck off of the name of OPPL from the Register of Companies. Consequently, OPPL ceased to be a wholly-owned subsidiary of your Company w.e.f. August 25, 2021.

There are no associate or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"). There has been no material change in the nature of the business of the subsidiaries.

As per the provisions of Section 129(3) of the Companies Act, 2013 ("Act"), a statement containing salient features of the financial statements of the Company's subsidiary (which includes associate companies and joint ventures) in Form AOC-1 is attached to the financial statements of the Company as **Annexure – A**.

Pursuant to the provisions of Section 136 of the Act, the financial statements of the Company including consolidated financial statements along with the relevant documents and separate audited financial statements in respect of subsidiaries are available on the website of the Company <https://www.onwardgroup.com/investors.php>.

IV. SHARE CAPITAL

Authorized Capital

During the year under review, the merger of Onward e Services Limited with the Company was taken on record by the Board at their Meeting held on May 14, 2021 being effective date. Post effective date, the Authorized Capital of both the Companies were clubbed. As on March 31, 2022, the Authorized Capital is ₹ 44,62,00,000/- comprising of 4,46,20,000 equity shares of ₹ 10/- each 3,36,20,000/- Ordinary (Equity) Shares of ₹ 10 each and 10,00,000 Unclassified shares of ₹ 10 each and 1,00,00,000 Preference Shares of the face value of ₹ 10/- each.

Issued, subscribed and paid-up share capital

As on March 31, 2022, the issued, subscribed and paid-up share capital of the Company is 22,02,08,700/- comprising of 2,20,20,870 Equity Shares of ₹ 10/- each.

Allotment of shares under ESOP Schemes

During the year under review, the Company has issued and allotted 163,100 and 119,000 fully paid-up equity shares of ₹ 10/- each were allotted to various employees under ESOP Scheme 2009 and ESOP Scheme 2019, respectively.

Allotment of shares under Preference Issue

The Members have approved the preferential allotment of 11,00,000 new equity shares of face value of ₹ 10/- each fully paid-up at a price of ₹ 130/- (inclusive of face value of ₹ 10/- each) per share for cash (hereinafter referred to as "New Equity Shares") and 43,00,000 warrants convertible into equity shares of the Company at a price per warrant/equity share of ₹ 130/- (inclusive of face value of ₹ 10/- each) to Infinity Direct Holdings (the "Investor") on June 30, 2021, where each warrant is convertible into one equity share of the Company.

On June 30, 2021, the Company has issued and allotted 11,00,000 New Equity Shares to the Infinity Direct Holdings at a price of ₹ 130 per share aggregating to 14,30,00,000/-. Also, the Investor subscribed to 43,00,000 warrants by paying an amount equivalent to 25% of the issue price i.e. ₹ 13,97,50,000/- at the time of allotment of the said warrants.

On November 18, 2021, the Investor has exercised its option to convert 43,00,000 warrants into equity shares into equivalent number of equity shares of the Company. Post that, the Investor paid the balance 75% consideration of ₹ 41,92,50,000/- consequently to which the Company has issued and allotted 43,00,000 equity shares to the Investor on November 30, 2021.

There were no deviations or variations in the use of proceeds from the objects stated in the offer document and explanatory statement to the notice for the General Meeting. The details of utilization of funds received from preferential issue forms part of Note No 40 of notes to the Standalone Financial Statements forming part of the Annual Report.

CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Separate reports on Corporate Governance Report and Management Discussion and Analysis as required by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR), 2015"] forms part of this Annual Report along with the required Certificate from the Practicing Company Secretary confirming the compliance of requirements of Corporate Governance as stipulated in the SEBI (LODR), 2015.

Risk Management Policy

The Company has formulated the Risk Management Policy in accordance with the Regulation 21 of SEBI (LODR), 2015 to be read

with Part D of Schedule II. The details with respect to the Risk Management Policy forms part of the Management Discussion and Analysis Report.

Vigil Mechanism/Whistle Blower Policy

Your Company has a Whistle Blower Policy in place as required under Section 177 of the Act and Regulation 22 of the SEBI (LODR) Regulations, 2015. The mechanism provides for adequate safeguards against victimization of persons who use such mechanism and makes provisions for direct access to the Chairman of the Audit Committee. More details in this regard have been outlined in the corporate governance report annexed to this report. The Policy is disclosed on the Company's website with the following link: <https://www.onwardgroup.com/investors.php>

Dividend Distribution Policy

In terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the Board has formulated and adopted the Dividend Distribution Policy. The Policy is available on our website at <https://www.onwardgroup.com/investors.php>

NOMINATION AND REMUNERATION POLICY

The salient features of the Nomination and Remuneration Policy of the Company are set out in the Corporate Governance Report which forms part of this Annual Report. The said Policy of the Company, inter alia, provides that the Nomination and Remuneration Committee shall formulate the criteria for appointment & re-appointment of Directors on the Board of the Company and persons holding Senior Management positions in the Company, including their remuneration and other matters as provided under Section 178 of the Act and Listing Regulations.

The Policy is also available on the website of the Company at <https://www.onwardgroup.com/investors.php>

Prevention of Sexual Harassment of Women at Workplace

Your Company has in place a formal policy for the prevention of sexual harassment of its women employees in line with "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013". The Company has formed Internal Complaint Committee who periodically conducts sessions for employees across the organization to build awareness about the Policy and the provisions of Prevention of Sexual Harassment Act.

During the year, there were no complaints received relating to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

V. BOARD OF DIRECTORS AND COMMITTEES

A. Board of Directors

Retirement by rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mrs. Prachi Mehta (DIN: 06811085) retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

Appointment of Mr. Harsha Raghavan as an Additional Director (Non Independent Non-Executive)

The Board at its meeting held on June 30, 2021, upon the recommendation of the Nomination and Remuneration Committee (NRC), has appointed Mr. Harsha Raghavan as an Additional Director, (Non-Executive and Non-Independent) to hold office as such until the conclusion of next Annual General Meeting of the Company to be held on July 18, 2022. Mr. Raghavan has offered himself for his appointment as a Director (Non-Executive, Non-Independent) from the ensuing AGM and the resolutions seeking approval of the Members for the regularization of Mr. Harsha Raghavan as a Director (Non-Executive, Non- Independent), of the Company have been incorporated in the Notice to the AGM of the Company along with brief details about them.

Declaration of Independence by Independent Directors

The Company has received the following declarations from all the Independent Directors confirming that:

1. They meet the criterion of independence as prescribed under Section 149 of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. They have registered themselves with the Independent Director's Database maintained by the IICA.

None of the Directors of the Company are disqualified for being appointed as Directors as specified in Section 164(2) of the Act and Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014

Directors' Responsibility Statement

Pursuant to Section 134 of the Companies Act, 2013, the Board of Directors, to the best of their knowledge states that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for the year ended on that date;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts had been prepared on a going concern basis;
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial control are adequate and operating effectively and;
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

VI. EMPLOYEES

Key Managerial Personnel

Pursuant to the provisions of Section 2(51) and 203 of the Act, the Key Managerial Personnel of the Company are Mr. Harish Mehta, Chairman & Whole-time Director and Mr. Jigar Mehta, Managing Director and Mr. Devanand Ramandasani, Chief Financial Officer and Ms. Dimple Chauhan, Company Secretary.

During the year under review, there were no changes in the Key Managerial Personnel of your Company.

Employees' Stock Option Schemes

The Company has introduced two employee stock options plans namely Employee Stock Option Plan 2009 (ESOP 2009) and Employee Stock Option Plan 2019 (ESOP 2019) to motivate, incentivise, attract new talent and inculcate the feeling of employee ownership, and reward employees of the Company and employees of Subsidiaries. The Nomination and Remuneration Committee administers these plans. The stock option plans are in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("Employee Benefits Regulations") and Companies Act, 2013, read with the Rules issued thereunder. There have been no material changes to these plans during the financial year.

The disclosures required to be made under relevant provisions of the Act and the SEBI (Share Based Employee Benefits) Regulations, 2014 is given as **Annexure – B** to this report including details on the grant, vesting, exercise, and lapsed options under the aforesaid schemes.

Particulars of Employees

In accordance with the requirements of Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended regarding employees is given in **Annexure – C**.

Meetings of the Board

7 (Seven) meetings of the Board of Directors were held during the financial year 2021-22. For further details of the meetings of the Board, please refer to the Corporate Governance Report, which forms part of this Annual Report.

Committees of Board

Currently, the Company has four Board level Committees: Audit Committee ('AC'), Nomination and Remuneration Committee ('NRC'), Stakeholders' Relationship Committee ('SRC'). The Risk Management Committee ('RMC') was constituted by the Board of Directors with effect from May 13, 2022. Further, in accordance with section 134(9) of the Act the Corporate Social Responsibility Committee was not mandatory. Therefore, the CSR Committee was dissolved w.e.f. May 14, 2021 by the approval of the Board. The composition of the committees, as on March 31, 2022 is disclosed as under:

Sr. No.	Name of the Members	Category	AC		NRC		SRC		RMC	
			C	M	C	M	C	M	C	M
1	Mr. Harish Mehta	MD						•		
2	Mr. Jigar Mehta	NED, Non-ID								
3	Mrs. Prachi Mehta	ID						•		
4	Mr. Parish Meghani	ID		•	•					•
5	Mr. Jay Sonawala	ID		•		•			•	
6	Mr. Rahul Rathi	ID	•							
7	Mr. Subrata Kumar Mitra	NED, Non-ID		•		•	•			
8	Mr. Harsha Raghavan			•		•				•

EC – Executive Chairman | NED – Non-Executive Director | ID – Independent Director

AC – Audit Committee

NRC – Nomination and Remuneration Committee

SRC – Stakeholders Relationship Committee

RMC – Risk Management Committee

Performance Evaluation of the Board, its Committees and Directors

Pursuant to the provisions of the Companies Act, 2013, the Board is required to carry out annual evaluation of its own performance and that of its committees and individual Directors. Accordingly, your Company has carried out the performance evaluation as required during the year under review. The Independent Directors at their separate meeting review the performance of non-independent directors and the Board as a whole, Chairperson of the Company after taking into account the views of Executive Director and Non-Executive Directors, the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

VII. AUDITORS AND INFORMATION ON AUDITORS' OBSERVATIONS

Statutory Auditors

Pursuant to Section 139 of the Companies Act, 2013, M/s. Price Waterhouse, Chartered Accountants LLP (Firm Registration No.012754N/N500016) were appointed as Statutory Auditors of the Company for a consecutive term of 5 years from the conclusion of 26th Annual General Meeting held on July 21, 2017 till the conclusion of the 31st Annual General Meeting held in the year 2022. Due to completion of tenure of 5 years of the existing Auditor the Company is willing to appoint new Auditor.

Based on the recommendation of the Audit Committee, the Board has shortlisted and proposed the appointment of BSR & Co, LLP Chartered Accountants, (Firm Registration No. 101248W/W-100022 ("Proposed Auditors"), as Statutory Auditors of the Company for the period

of 5 years starting from conclusion of 31st AGM till the conclusion of 36th AGM of the Company to be held in calendar year 2027.

Proposed Auditors have provided their consent and eligibility letter to act as the Statutory Auditors of the Company along with a confirmation that, their appointment, if made, would be within the limits prescribed under the Companies Act, 2013, and SEBI (LODR). Pursuant to the provisions of Sections 139 & other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder, the Board of Directors of the Company, based on the recommendations of the Audit Committee, approved the appointment of BSR & Co, LLP Chartered Accountants, (Firm Registration No. 101248W/W-100022 subject to the approval of the Members. Additional information about Statutory Auditors pursuant to Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are provided below:

Since, the tenure of the existing Statutory Auditors is completing from the conclusion of this AGM and proposed Auditor is being appointed w.e.f. same date subject to shareholders' approval, there will be no casual vacancy in terms of Section 139(8).

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, with the Proposed Auditors.

The existing Statutory Auditors have issued an unmodified opinion on the financial statements for the financial year ended March 31, 2022. The observations made in the Auditors' Report read together with relevant notes thereon are self-explanatory and hence do not call for any further

explanations or comments by the Board under Section 134 of the Act.

Secretarial Auditors

The Board of Directors of the Company has appointed Nilesh A. Pradhan & Co., LLP, (FCS No: 7478), Practicing Company Secretary, as the Secretarial Auditor to conduct an audit of the secretarial records for the financial year 2021-22.

The Secretarial Audit Report for the financial year ended March 31, 2022 under Act, read with Rules made thereunder and Regulation 24A of the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) is set out in the **Annexure - D** to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Internal Auditors

The Company has appointed M/s Ahuja Valecha & Associates LLP as the Internal Auditors for FY 2021-22 to audit internal controls and process of the Company. The internal Auditors conducts audit on Revenues, Payroll, Statutory Compliances and in various cycles and therefore, report to the Audit Committee about the adequacy and effectiveness of the internal control system of your Company. The recommendations of the Internal Auditors on improvements in the operating procedures and control systems are also presented to the Audit Committee and the business to use these as tools for strengthening the operating procedures.

Cost Auditors

Pursuant to Section 148(1) of the Companies Act, 2013, Cost Audit is not required for the Company for the financial year ended March 31, 2022.

Reporting of Frauds by Auditors

During the year under review, none of the auditors have reported to the Audit Committee, under Section 143(12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be form part of the Board's report.

VIII. CONTRACTS/ARRANGEMENT WITH RELATED PARTIES

All contracts/arrangements/transactions entered into by the Company during the year under review with Related Parties were in ordinary course of business and on arm's length basis in terms of provisions of the Act. There are no materially

significant related party transactions made by the Company with promoters, key managerial personnel or other designated persons which may have potential conflict with interest of the Company at large. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature and value of the transactions. The details of the related party transactions as per Indian Accounting Standards (IND AS) - 24 are set out in Note 30 to the Standalone Financial Statements of the Company.

Your Company has formulated a Policy on Related Party Transactions which is also available on Company's website at www.onwardgroup.com

IX. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of operations. The organisation is appropriately staffed with qualified and experienced personnel for implementing and monitoring the internal control environment. The internal audit function reports to the Audit Committee. Your Company has adopted accounting policies which are in line with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules that continue to apply under Section 133 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. These are in accordance with Generally Accepted Accounting Principles in India. Changes in policies, if any, are approved by the Audit Committee in consultation with the Auditors. The policies to ensure uniform accounting treatment are prescribed to the subsidiary of your Company. The accounts of the subsidiary company are audited and certified by their respective Auditors for consolidation.

The Statutory Auditors of your Company have audited the financial statements including this Annual report and have stated on the Company's internal control under Section 143 of Companies Act 2013 in their report. Further, the Company has appointed Ahuja Valecha & Associates LLP, Chartered Accountants, as an Internal Auditor of the Company to oversee and carry out internal audit of its activities. The audit is based on an internal audit plan and approved by the Audit Committee.