

Ref No.: OTL/Secretarial/SE/2025-26/37

Date: July 22, 2025

To,

Bombay Stock Exchange Limited Phiroz Jeejeebhoy Towers, Dalal Street, Mumbai – 400023	National Stock Exchange of India Ltd., Plot No. C/1 'G' Block Bandra – Kurla Complex Bandra East, Mumbai 400051
--	--

Ref: Scrip Code - BSE: 517536 | NSE: ONWARDTEC

Sub: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Investor’s Conference

Dear Sir,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose the transcript of Analyst and Investor Conference Call for the quarter ended June 30, 2025 held on Wednesday, July 16 2025. The link to access the transcript of the earnings conference call is www.onwardgroup.com

Request you to take the same on record.

For Onward Technologies Limited

**Aakash Joshi
Company Secretary & Compliance Officer
Membership No: - A60953**



“Onward Technologies Limited
Q1 FY26 Earnings Conference Call”
July 16, 2025

**MANAGEMENT: MR. JIGAR MEHTA – MANAGING DIRECTOR –
ONWARD TECHNOLOGIES LIMITED**

MODERATOR: MS. ASHA GUPTA – E&Y INVESTOR RELATIONS

Moderator: Ladies and gentlemen, good day, and welcome to the Onward Technologies Q1 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this call is being recorded.

With this, I now hand the conference over to Ms. Asha Gupta, from Ernst & Young LLP Investor Relations. Thank you, and over to you, ma'am.

Asha Gupta: Thank you, Samiya. Good day, and welcome to Q1 FY '26 Earnings Call of Onward Technologies Limited. The results and presentation have already been mailed to you, and you can also view them on our website, www.onwardgroup.com.

To take us through the results today and to answer your questions, we have with us Mr. Jigar Mehta, Managing Director of Onward Technologies Limited. He will start the call with a business update and financial performance for the quarter gone by, which will be then followed by a Q&A session.

As usual, I would like to remind you that anything mentioned on the call that reflects any outlook for the future or which can be construed as forward-looking statements must be viewed in conjunction with the risks and uncertainties that we face. These risks and uncertainties are included, but not limited to, what we have mentioned in the prospectus filed with SEBI and subsequent annual report that you can find on our website.

Having said that, I will now hand over the call to Mr. Jigar Mehta. Over to you, Jigar.

Jigar Mehta: Thank you, Asha. Good afternoon, good evening and a warm welcome to everyone who has joined us today for our Q1 FY26 earnings call. It's always a pleasure to speak to you and share live updates about the progress we are making at Onward Technologies. I hope you've had a chance to go through the earnings deck and the press release that we released earlier today, post the Board meeting.

I'll move on to the financials for Q1. We spoke very recently in May after our Q4 results, so I'll quickly update you on the progress we've made over the last 90 days, especially the last 60 days. Our consolidated revenues stood at INR 135.6 crores, and our EBITDA margin was 12.9%, both the highest we have ever recorded in our history. This is something we've been discussing for quite some time, and it is the result of both seamless execution and the operational efficiencies we're driving through automation across our business.

We continue to invest heavily in our focused large verticals, Industrial Equipment & Heavy Machinery and the Transportation & Mobility verticals. We're also investing in our newly created Healthcare vertical.

We continue to focus on our live customers, and I would say the majority, about 95%, have shown progress this past quarter. A few customers were impacted due to tariffs and some external macro or microeconomic factors. These results are after accounting for those impacts. Internally, we're seeing better visibility, and the majority of our customer engagements are moving in the right direction.

From a headcount perspective, we remain steady at around 2,570 full-time employees, and our attrition rate is manageable, LTM at 16.5%. We expect our headcount to continue to grow over the next couple of quarters as we enter more mature engagements and our global delivery model scales fully.

In terms of geography, we continue to focus on two primary regions: North America and Europe. Our invoicing model remains consistent, everything invoiced outside India is considered on-site, and everything invoiced in the GCC for global clients is in INR.

Looking ahead, I remain quite optimistic. We have good visibility for the year based on our existing order book and new projects from our current clientele. All three verticals should continue to build momentum as we invest further in the U.S. and Europe and as we ramp up capability through our new design centers and expanded office space.

Finally, a quick infrastructure update, we've moved back into our main office in Pune, located at Almonte IT Park in Kharadi. It's a completely upgraded, state-of-the-art space, and we'd love to welcome our investors there. We're also looking forward to opening our new office in Chennai, our largest office and biggest design center to date, which will go live this quarter in Q2. We're very excited about the additional capacity and capability this gives us to support our clients and accelerate growth, as we continue progressing toward double-digit revenue and EBITDA.

Thank you again, and I look forward to your questions and any clarifications you may have. Over to you, Asha.

Moderator: Thank you very much. The first question is from the line of Parth Damani from Damani Family Office. Please go ahead.

Parth Damani: Great set of numbers. Congratulations.

Jigar Mehta: Thank you.

Parth Damani: I wanted to know about your revenue growth target in FY '26. You have mentioned on LinkedIn that you have hired 700 people in Chennai campus. Is this anticipation of some new business. And second question is regarding the EBITDA margin. Is this sustainable considering wage hike in Q2? What should we assume for the full year?

Jigar Mehta: Thanks for the questions. To clarify, I'll go to the second question first, and then I'll come back to the other two since they're related.

On LinkedIn, as I shared in my opening remarks, we are opening a new design center, which we're very excited about. It gives us the capacity to hire a few hundred more people in Chennai, which we couldn't do earlier because our current design center is already 100% occupied. So, this is in anticipation of the next 2 to 3 years, during which we plan to build much greater capacity and capability, taking our Chennai headcount to 2,000 people going forward.

Now, coming back to your first question, our business model is about execution and seamless delivery. We've been working on that over the last two years. Sometimes it has worked, and sometimes it hasn't. But now I believe we're in a good momentum, and I think we can keep building on this.

So, to answer your question, as we shared last quarter, what we're aiming to do is deliver double-digit revenue and double-digit EBITDA on an annual basis, rather than focus on quarterly numbers. But we do have very good visibility, and I'm optimistic about that. In terms of wage hikes, yes, there will be an impact in Q2. But I still think there's a huge opportunity for Onward, based on the funnel we see today and the opportunities in front of us, to maintain and grow from here as well.

Parth Damani:

Just to add on to that. What differently we are doing that the growth and margins both have picked up in this quarter? What different we are doing?

Jigar Mehta:

We are very focused on our existing customers, that's something we've been doing over the last several quarters. It was a work in progress. We had to bring in a new leadership team, ensure the right customer balance, and get the right vertical balance in place. And most importantly, as I mentioned last year, one of the challenges we had going into last year was that our customers were asking us to build local capabilities and capacity in the U.S. and Europe, which we didn't have at the time. Now we do. So, we're able to take on projects much more confidently.

For example, if we wins a project today, we can start on Monday. It could be in Germany, the U.K., or the U.S. The same thing, maybe 90 or 100 days ago, we couldn't have done, we didn't have a ready bench pool of high-quality subject matter experts who could travel for project management outside India. Now we have that. So, we're able to take on projects more confidently, and our sales team is able to win deals much more efficiently. We believe that momentum will sustain, we can maintain it and grow from here as well.

Moderator:

The next question is from the line of Nitin Jain from Fairview Investment Private Limited. Please go ahead.

Nitin Jain:

Congratulations on a stellar quarter. So I'm a new investor to the company, and I would like a few clarifications on the last year's performance of the company. So as we can see, even the P&L has been a little volatile. So FY '22 was a stellar year, but again, FY '23 saw a big impact on profitability. Again, FY '24, we did quite well, and then FY '25, the PAT has gone down again. So is it possible to clarify what were the reasons behind this volatility and how we are mitigating it?

Jigar Mehta: Sure. There are multiple factors, but I'll focus more on the last year. The other numbers, I think a lot of that data is already out there. And Nitin, what we could do is share a copy of our latest annual report with you. You'll find a lot of that information readily available. But to answer your point about last year, last year we were impacted primarily due to two factors.

One was our ability to execute projects outside India, specifically in North America and Europe, which we didn't have at the time. We're now slowly building on that and have invested heavily in it over the last 18 months. The second factor was external, linked to the automotive sector supply chain, where our automotive unit was also affected. So those were the two main reasons for last year. And because revenue didn't grow very fast, or at least not at 15% or 20%, that impact went straight to the bottom line as well. I think a lot of that has been corrected, at least the first point. And I believe that will help us build momentum over the next three years, especially as we continue to invest significantly behind our existing clients.

Nitin Jain: So that's quite helpful. And my last question is, so our dependence on one vertical, which is the Industrial Equipment vertical is quite high. So how are we planning to hedge our bet, so that any slowdown in this vertical does not impact us too much?

Jigar Mehta: We have two verticals: Industrial Equipment, and Transportation & Mobility. We don't need to hedge, as per where I come from. Across those two verticals, we have a combined total of 75-plus customers, 75 unique customers, spread across the breadth and depth of North America and Europe. So, even if a few companies or regions are impacted, I believe we still have enough customers to move forward. I'm a big believer in having a very focused customer base, and we're building our entire organization around that, where you truly mean something to the customer, you can scale with that customer, and you can grow with them in every market they operate in. That's where we're channelizing all of Onward's resources. We believe we are well-hedged and well-balanced in terms of customer concentration.

Going forward, and as I clarified earlier, I think 75 is also a very large number for my management and execution teams to handle in terms of building capacity and capability for 75 unique products and projects. I believe 50 is a good, balanced number going into the next three years. That's where I would like us to be. That will be a nice sweet spot for Onward as we aim to double up in the next few years.

Nitin Jain: Sure. And if I can just ask a follow-up to that. Would it be possible to clarify your order book as of 30th of June?

Jigar Mehta: So at this stage, we don't share our order book, but it's very mature and at a very solid number.

Nitin Jain: So what kind of revenue visibility does it give you internally?

Jigar Mehta: As we shared last quarter and earlier as well, our goal is to deliver consistently double-digit revenue growth and EBITDA growth. And that's what we're aiming to do.

Moderator: The next question is from the line of Aditya from Sowilo Investment Managers LLP.

Aditya: Congratulations on a good set of numbers. So building on our earlier conversations, one point which would keep coming up is like you would mention that the tail is long and you would like to chop off and focus more on your top clients, especially the top 10 clients. But if I look at the presentation, the contribution has fallen off both on a Q-o-Q and a Y-o-Y basis, especially if you look at the contribution from top 10 clients. So any reason why?

Jigar Mehta: I don't think I've ever said the tail is very long. What I've always said is that we've been privileged to work with a unique set of amazing world leaders, around 80 customers. And it's not necessary, or even realistic, for Onward to win all 80 battles every day in global markets. So, the objective is to simplify our execution model with a few customers, because each customer also has 25 to 30 products, and we need to build capacity and capability for that. What I've always been saying is that the objective is to simplify our execution model so that our delivery leadership can stay focused and build an exceptional business model for our existing customers.

I don't have a specific answer about the top 10 customers, some ups and downs may have occurred over the quarter, depending on individual projects. But overall, the majority of our customers have seen very good momentum over the last 90 days, or in Q1 of this quarter. And that's what we're seeing in terms of visibility as well, at least going into the next few quarters.

Aditya: Got it. So in terms of guidance, I mean, you just mentioned double-digit revenue and EBITDA growth, right, nothing beyond that?

Jigar Mehta: That's correct. We want to be able to deliver sustainable numbers every quarter, yes.

Aditya: So then my follow-on to that would be, so what exactly has led to this margin expansion on a sequential basis? Is it like a product mix change or something else which is playing out?

Jigar Mehta: It's much simpler now. I think it's just about execution. A lot of the projects, as I've always said, we used to win projects, but it used to take us 3 to 6 months to kick them off because we didn't have the visas, we didn't have the capabilities to build an on-site presence, and we were constantly in the market trying to hire very specialized project managers, architects, and others. Today, the majority of that rests within Onward. We're able to win projects, and when customers see our confidence in executing them, we get the opportunity to bid for more, and the whole cycle suddenly changes. That's because we're talking about existing clients with whom we've had relationships for 3 years, 5 years, and in many cases, over 10 years. So, we're hopefully able to build on that. It's only one quarter so far. I want to be able to deliver this for several more quarters, then it becomes a beautiful engine for us, where our customers are also extremely proud of us.

Aditya: Okay. So I mean, just basis your last point, what would be then a sustainable margin which we can expect in terms of EBITDA?

Jigar Mehta: So we've always maintained that double-digit or mid-teens is where we want to be. That's where the majority of our industry is, especially those without a manufacturing backbone. And I think

that's something Onward can easily achieve if we can maintain this momentum and continue executing high-quality projects.

Aditya:

Got it. So that means the trajectory is only upwards from now on, right?

Jigar Mehta:

The focus continues to be on growth. Margin is an important indicator, I understand that, but for us, it's about growing. In our business, if you don't grow, you die. So, we want to keep growing, and that's where all our investments and energy are going. At no point in time is Onward going to be cost-conscious. We're going to work highly efficiently, but our goal is to grow. And I still think there's a huge opportunity ahead of us, based on how we view the business today.

Moderator:

The next question is from the line of Hitaindra Pradhan from Maximal Capital. Please go ahead.

Hitaindra Pradhan:

Hi, sir. Thanks for the opportunity. So my question is in this space, hiring personnel and subject matter experts has been a challenge both in U.S. and India. So how do you tackle that? And do you think that you have teams in place going forward to execute the projects that you currently have?

Jigar Mehta:

Again, great question. This is Onward Technologies' biggest strength. Even when I took over the business from my father, our ability to attract and retain people was very high, and it continues to be. We have not seen any challenge in terms of attracting talent. As I said, our challenge was more around the fact that, post the pandemic, we had built an entire engine to grow in India or offshore, and then the model changed. We had to start building the model for global capacity and capability. We've been doing that over the last 18 months, putting significant investment behind it. Now we're also investing very heavily in training. We already have 2,500-plus employees. We don't need thousands more, we just need a few more to hopefully double up. And we have the customers. It's all about execution, execution, execution.

So, Onward's main goal today is to continue investing for the future, with strong governance, and investing based on where our customers want us to be. From that perspective, we're in a good spot. And now, as I said, it's all about execution and seamless delivery.

Hitaindra Pradhan:

Okay, sir. And my second question is related to the transportation vertical. So you support the GCC clients in auto space and also domestic railway contracts, I suppose. So there has been some commentary that the automotive space, there has been some slowdown in that. So how do you see that in your case that doesn't impact you that much? So any commentary on the automotive client-side ramp-ups?

Jigar Mehta:

So just a clarification there, we don't support any automotive company in India. We have zero customers in India across any vertical. We support global automotive GCCs in India, whether they are OEMs or Tier 1s. There has been some slowdown among a few customers who have been affected or impacted due to tariffs, supply chain issues, or other external factors. But there are several others who are actually ramping up and doing well. So overall, we've seen good momentum in Q1. Let's see how Q2 and Q3 go. Everything is very real these days—it doesn't take a few quarters for things to materialize. The impact is immediate. But so far, we haven't

seen anything that we think will affect the projections we've shared with you, at least as of this morning.

Hitaindra Pradhan: Okay. Thank you, sir. That's all from my side.

Moderator: Thank you. The next question is from the line of Pratap Maliwal from Mount Intra Finance. Please go ahead.

Pratap Maliwal: Thanks for taking my question and congrats on a good set of numbers. So my question is actually related to the previous participant's question. I just wanted to understand how is our demand environment looking in our two largest verticals. Because last quarter, I think we pointed out that we've seen some substantial slowdown in some of our clients, particularly in the automotive Tier 1 space. So any color going ahead how we are seeing the demand environment shape out for us?

Jigar Mehta: Sure. Again, a very interesting question. Let me simplify our business model for everyone. We have 80-plus customers. They are all unique and not linked or interrelated with each other. These are 80 companies headquartered across the breadth and depth of Europe and the U.S.

Over the last year, and particularly in the last quarter, there was a slowdown with some customers, but enough others were doing well. The same is true this quarter. The good part is, when you have 80 customers, we need about 41 of them to do well for us to keep making progress. And if those 41 include our top 25 clients, we make much faster progress in terms of revenue. That's exactly what has happened this quarter. There will always be some companies that experience slowdowns. There will always be quarters where projects are delayed or we might lose a project. But with 80 customers, even if a few continue to grow and do well, we're in a very good position to meet the projections and pipeline we've shared with all of you. And that's what we are continuously betting on as we look ahead to the next three years, which, again, is all about execution, execution, execution. I hope I've clarified your point.

Pratap Maliwal: Okay. Sure. Yes. And just another question is, as I understand what you've been pointing out that in the past, we had maybe some execution issues with not having the visas in place and everything, but now those are reasonably figured out. So going ahead, do we expect an increase in our on-site revenues from U.S. and Europe now that we've been able to build up teams in our kind of global delivery model? And should that actually change going ahead?

Jigar Mehta: That's where we would like to be. I think one year from now, I would like to see our U.S. and Europe revenue substantially higher in terms of the on-site portion, because that gives us the visibility to increase our offshore revenue significantly more in the following quarters. For us, being a services company, any project typically starts on-site and then moves offshore. It's very unlikely that a project starts 100% offshore. So Onward Technologies' ability, as a company of our size and the kind of projects we bid for, is to win the project, build the on-site presence, and then move offshore. After a few weeks, months, or quarters, depending on the size of the project, the workload moves offshore. That's where your margin expansion happens. So, it's an investment initially, that eventually leads to margin expansion.

- Pratap Maliwal:** Understood, sir. And just to confirm, you are not seeing any major concerns from any of the top clients which can materially affect our projections or at least our internal projections for the year. Is that correct?
- Jigar Mehta:** Correct. Yes.
- Pratap Maliwal:** Okay, sir. Thanks for taking my questions and congrats on a good set of numbers.
- Moderator:** Thank you. The next question is from the line of Ankur Kumar from Alpha Capital. Please go ahead.
- Ankur Kumar:** Hello, sir. Thank you for taking my question and congrats for a good set of numbers. Sir, my first question is I wanted to understand how much of wage hike we have taken on the 1st of July. Can you comment, please?
- Jigar Mehta:** That process has just started, so we'll know by the end of the month, end of July. But we've already announced that Onward Technologies will be giving increments. We're not delaying or stalling it, as we've seen with some of our peers. We will be proceeding with increments because that's the right way forward for us.
- Ankur Kumar:** And generally, any range you would like to comment, like high-single-digit or look at history or how should we think on that front, sir?
- Jigar Mehta:** Our increment cycle is very closely linked to our customers. We usually get good visibility from the majority of our customers regarding their own increment cycles. Typically, our increments are on par with what they offer their own employees, or maybe a percentage or two lower. So, based on how our global clients in the U.S. and Europe operate, our cycle is heavily aligned with that.
- Ankur Kumar:** Sure, sir. And so given this wage hike you said Q2 will be a little impacted. So given that, can we still expect double-digit margins in Q2 or we should look at overall year on that front, sir?
- Jigar Mehta:** Again, I request everyone to look at Onward from an annual perspective. There will always be quarterly ups and downs. Q1 was good, and Q2 looks to be good as well. I think a lot of positive things can happen this year and next year, but Onward has to execute. So, I don't want to overpromise right now. From an annual perspective, I believe we are in a very strong position, in line with what we committed last quarter and the projections we've shared.
- Ankur Kumar:** Actually, sir, the projection was double-digit revenue growth for this year. But in this Q1 only, we have done like 4% Q-o-Q growth. So can we expect this 3% to 4% Q-o-Q growth to continue going into the coming quarters?
- Jigar Mehta:** I would say look at Onward Technologies the way you'd look at a full cricket match, not just 5 overs, right? It's an annual thing. So, look at Onward from an annual perspective, and I think that will give you a good visibility of where we believe we can deliver and where we're headed.

- Ankur Kumar:** Got it, sir. Last question would be, in the last call, you said that in this assumption of this double-digit growth, we are assuming auto to be flat. So are we seeing any positive turnarounds in auto or how should we look at that, sir?
- Jigar Mehta:** I don't think I said automotive will be flat. I think we're taking a very conservative projections for automotive. Q1 actually surprised us, some customers were slow, but others ramped up. I shouldn't say "ramped up," rather, we were able to execute some of the projects that were stuck in Q4 and got them started. So far, it looks pretty positive. But automotive is an industry that's completely shaken up right now. Let's hope the positive news continues, and we can build on where we are, because we have very good capability and capacity as we speak today. It's all about getting a green light from our customers.
- Ankur Kumar:** Nice to know that. Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Ekta Mundhra from Smart Sync. Please go ahead.
- Ekta Mundhra:** My question is that in last concall report, you mentioned that the long-term vision of the revenue growth of your company is INR500 crores to INR1,000 crores. What is the tenure of this? And what are the modes of the revenue generation basically?
- Jigar Mehta:** I think you're asking us how we will double up from where we are today?
- Ekta Mundhra:** Yes. How many estimated years, numbers basically and what are the modes of that?
- Jigar Mehta:** Okay. Just from a time perspective, we believe we will grow double-digit annually, both in terms of revenue and scale. Over the next several years, I believe we can double up. It took Onward 34 years to get to INR 500 crores, so I'm confident that in the next couple of years, we can double that. It would be a record for us. As for the mode, you were asking about execution, I'd say our goal remains the same: focus on our existing customers, existing verticals, and existing markets. We are privileged to have an outstanding Board of Directors, great investors, and an excellent partner in the Convergent team.
- We also have an outstanding leadership team, and our delivery organization continues to get better and better every day. I think we have everything we need now, including world-class infrastructure. So, at this point, it's all about execution, making sure we remain focused on what is already our biggest strength, rather than trying to do new things constantly. And I think Q1 was a demonstration of that. Now, Onward Technologies, along with me and my team, must ensure we can consistently deliver on that.
- Moderator:** The next question is from the line of Keyur Kumar Vidalia from Niveshaay. Please go ahead.
- Keyur Kumar Vidalia:** Congratulations on good set of numbers, sir. My first question is out of our three verticals, which vertical do you see more in terms of the growth, like which will grow more and what is the vertical-wise margin profile?

- Jigar Mehta:** Sure. So we don't have a preference, whether it's IE&HM or T&M. I think both verticals are amazing. For a ₹500 crore revenue, it's actually a very small number when you divide that by 75 customers across these two large verticals of ours. There's huge room for us to grow in both. So, where I am today, I don't have a preference, we love both verticals. I think both will grow. There will be some quarters where one vertical might grow more, in other quarters, the other vertical might do better. It's a good balance from that perspective. But I believe there will be a time in the next 1 to 3 years when both verticals start firing on all cylinders. That will be fun times, really exciting times for Onward. I'm looking forward to that, and that's what we're aiming for. And the third vertical, Healthcare, I think that's also a beautiful vertical. It's one where, over the last few years, we've seen outsourcing budgets continue to increase year after year. We just have to get our engine right. I think we're learning well, reflecting on our mistakes, and continuing to develop. We'll keep improving and growing there too. So just to summarize, we have two large verticals and one young vertical, and all three are currently at small numbers. I believe all of them will hopefully continue to do well. The fun part will be when all three start growing at the same pace, in the same month, same quarter.
- Keyur Kumar Vidalia:** And sir, if you can provide the margins for the vertical side?
- Jigar Mehta:** We don't provide that data yet, but I'm sure in the next few quarters, as we keep getting mature and as size increases, we will have the confidence to share that.
- Keyur Kumar Vidalia:** Sure. And my last question is, on the transportation and the mobility side, like we are surrounding in the North America and Europe. So like in which level of automation we are targeting the customer?
- Jigar Mehta:** We've shared the data. We have 75 customers in North America and Europe.
- Keyur Kumar Vidalia:** Pardon me coming between that. I am asking like which level of automation, there is a classification of the levels in automation. So which customers are segregating based on that?
- Jigar Mehta:** Automation?
- Keyur Kumar Vidalia:** Yes, level of automation, like fully automation customers we are targeting, which kind of customers we are providing our services?
- Jigar Mehta:** All our automotive customers are some of the largest automotive companies in the world. Onward Technologies does not work with standalone EV suppliers or any other start-ups. We work with all the large traditional automotive companies in the U.K., Germany, and the U.S. We are a preferred supplier for a few of them. Some customers we've worked with for the last five years, we only started this post-pandemic. Some we've been working with for the last three years, and there are several where we've just recently started the engagement within the last 12 months. We're at a beautiful stage with all of them. Each of them has an EV arm, and we're obviously moving in that direction every year as well.
- Moderator:** Thank you. The next question is from the line of Amrish Kakkar, an Investor. Please go ahead.

Amrish Kakkar:

Thank you for the opportunity and congratulations on a fantastic start. I wanted to first understand the stability of revenues going forward and I understand we're not yet ready to share order book or ACV. Is it possible to share some color on what is the nature of our contracts? Are they normally call-off contracts, 3, 4 months?

Are they longer-term projects? I understand there is a mix of all of these. Is this something you could provide? Is this the right way to think about it or am I looking at it incorrectly?

Jigar Mehta:

It's a long question, so a long answer. How are our contracts structured? We don't share ACV or TCV figures, and neither are we allowed to disclose our customer names yet, because we're still at a very early stage in these customer engagements. We need approval from them even to include their names in our earnings deck or press releases. That's why we don't share them. We would love to, but that's just the agreement we have with our customers.

How are our contracts structured? Let me simplify it based on what we understand well. The customer contracts we prefer to bid for and execute are time-and-material projects. A substantial portion, around 85% or more of our revenues, possibly even higher in the last couple of quarters, comes from time-and-material. So that's how we are structured. We do continue to have fixed-price projects, but as a young company, where cash flow is very important, we prefer to transition those fixed-price engagements into time-and-material invoicing or billing. Otherwise, you end up executing a project for 18 months with no cash inflow during that time. We prefer to have monthly cash inflows. If required, we do discount the invoicing so that both the customer and we are satisfied. So that's how we are structured with our customers, and that's how I see it continuing for the next two to three years.

Amrish Kakkar:

I think that's helpful. I'm trying to also get a sense of the team and the time and material projects that we work on, are these typically 2 months, 3 months commitments? Or can they be longer? So any color on this?

Jigar Mehta:

The vision here is to be an extension of a client's R&D department. Whether the client has a design center in the U.S., let's say, in California, or in Europe, or a GCC in India, we are happy staffing the client's centers. If the customer needs resources on-site, we're very happy to provide that. If they need them offshore, we deliver from our offices. And if they want it from a third location, we can do that as well. So, all three delivery models are part of our offering and, frankly, that's something every other engineering company does too. There's no real differentiation from that perspective. And that's what we do as well. All the projects and RFQs that Onward bids for and wins are all long-term rollover, usually every 6 months, every 12 months, or sometimes even every 2 years. So there are no short projects, like 1, 2, or 3 months, in our industry, at least.

Amrish Kakkar:

Second question is on headcount. We've had a slight reduction Q-o-Q, but still an increase in total revenue. Is this just a one-off? I mean, even if you look at it year-on-year, we can see revenue per headcount is increasing by nearly 10%. So you mentioned the efficiency and automation going into the business. Is this something we should see going forward? Or it's just a one-off this quarter that for some reason the headcount has dropped?

Jigar Mehta:

If you look at Onward 3 years ago or even 4 years ago when we were INR250 crores, we had the same headcount. So objective, because majority of our business at that time was in India. Headcount continues to remain around the 2,500 number because we are focusing more and more on the U.S. and Europe market.

No, again, very good question, good observation. If you look at Onward three years ago, or even four years ago, when we were at INR 250 crores, we had the same headcount. That's because the majority of our business at that time was in India. Our headcount continues to remain around the 2,500 number because we are focusing more and more on the U.S. and Europe markets. So it's not a one-off, it's something we are consciously working towards and improving. And I think there's still some headway left. For us to go from INR 500 crores to, let's say, INR 1,000 crores, Onward doesn't need to add another 2,500 people. I think there's a lot of efficiency left in our current 2,500 headcount itself. Hopefully, another 100, 200, or 300 people can move on-site, which will substantially increase the offshore headcount.

Moderator:

The next question is from the line of Ishan Daga from Dhanvesttor.

Ishan Daga:

Congratulations on a very good set of numbers. Jigar, my first question is that since we have executed our strategy to mine existing clients and reducing the total number of clients, but that brings in a risk of client concentration with itself. So how we are catering to that risk? And how we are safeguarding our clients from the competition, Jigar?

Jigar Mehta:

So, interesting question, thanks for that. I don't think there's a risk factor there. If you look at the top five engineering companies, I think they have three or four, maybe five, customers contributing to 90% of their revenue. I don't think there's any company bigger than us that has a significantly larger customer base. They might have a tail, but their top five customers must be contributing 90% or more of their revenue. Because we came from a very different environment in the earlier decades, our ability to get a large number of customers or build relationships was relatively easy. I think we have a good balance now. So it's more about, as I said, building the right capacity and capability for our customers. Customers have to see value in what we do. And they're seeing our ability to continuously invest ahead of what they want us to be. And I think that's where the real challenge, and the real game changer, for Onward will be over the next three years.

Ishan Daga:

And my next question is on utilization rates. Since we are having same number of employees from last couple of years, and the revenues were stagnant for the last, say couple of years also. So how the utilization rate has panned out?

Jigar Mehta:

Very positive. We have good momentum. I think Q4 was very good for us. We saw a huge uptick in Q4, starting in February, which I shared in the last call. And that momentum continues to build. It's all about, as I said, us and our ability, which we're getting better at every day, to execute for our customers.

Ishan Daga:

Okay. Trend-wise, if you can explain in numbers, how the utilizations have moved out in the last couple of years? That would be helpful.

- Jigar Mehta:** We don't share that data yet, but the numbers are very easy for you to calculate. Knowing our headcount and revenue per person, as the earlier gentleman mentioned.
- Ishan Daga:** Yes. So I am tracking this company since last few years, and we have met in Mumbai also, Jigar, and very happy to see the progress which we have made. So how we are seeing Onward, say, after 3 or 5 years? What is the mission and what kind of revenues, INR1,000 crores you are saying in a couple of years, you will be targeting that kind of revenue. So where do we see in 3 years, say Onward?
- Jigar Mehta:** I shared that last quarter, where I would be very happy, we can deliver 3 years in a row double-digit revenue growth and double-digit EBITDA growth. As far as we do that, I think that will be definitely a dream.
- Moderator:** Our next follow-up questions come from the line of Ankur Kumar from Alpha Capital.
- Ankur Kumar:** Sir, on this employee count, I wanted to understand what is our plan for this year? How much are we looking to add? How are we thinking on that front?
- Jigar Mehta:** I think we have a very good, very balanced headcount where we are today. We still have a lot of room to improve, as I shared earlier. As I said, we've been investing in a lot of things over the last six quarters. So there's still a lot of room there. But in our internal projections, by March 31, we should be approximately at 2,700 people. That's our internal projection.
- Ankur Kumar:** 2,700, sure.
- Jigar Mehta:** Plus/minus based on which projects pick up when, right? It can be close to 3,000 as well. It can be close to where we are. So 2,700 is a good average of how we are budgeting internally.
- Ankur Kumar:** Got it, sir. And sir, on client side, we see clients with annual billing greater than USD1 million, that has increased this quarter. So are we looking at how things are moving on that front?
- Jigar Mehta:** Again, it's been a nice, positive, progressive momentum. All 80 clients should be there, I don't think it's just that number. All clients have the potential and the pipeline. We have a lot of our \$1 million clients becoming \$3 million clients as well, and \$3 million clients becoming even higher. But the objective is that every client Onward has should have that kind of potential and/or should generate that kind of revenue going forward and that's what we are working towards. That's why simplifying the execution model and simplifying the market size we focus on, which is from our existing clients, is the right way forward for us.
- Moderator:** The next question comes from the line of Pankaj Agarwal, an Investor.
- Pankaj Agarwal:** Congratulations on a good set of numbers. I would like to ask a question regarding more color that you can give on the product innovation with the point of view of Artificial Intelligence, whether it is coming as a facilitator or still we are in the process of developing some products around this?

- Jigar Mehta:** Thanks for the question. Just to clarify again, Onward does not invest in product development. We are 100% pure-play services organization. So for us, even innovation starts after we win the client project. So very unlikely that we would start before. We would do POCs before, but that's, again, most likely majority of times paid by the client. So again, just to clarify, we do not do product development, and that's not the business we are in.
- Pankaj Agarwal:** Okay. And just a follow-up question. Do we have any, let's say, 3 years, 5 years or 7 years down the line to get into AI-based product development to integrate with our services?
- Jigar Mehta:** Again, very interesting point. It's too early for me to comment, but I'm not seeing that as something our customers are asking us to do yet. We are a highly customer-focused organization, and that's what we're trying to get better at every day. So, if our customers ask us to get into that, it's something we would look at very seriously. And if it's economically viable, we would definitely do it. But as of now, that's not something we've heard from our customers.
- Moderator:** As there are no further questions, I would now like to hand the conference over to Mr. Jigar Mehta for closing comments.
- Jigar Mehta:** Thank you, everybody, once again for joining this evening. It was a pleasure to address some of your questions and clarifications. If there's any additional data you need, please feel free to reach out to our IR managers at E&Y, and we'll be happy to address it. Thank you again and have a lovely evening.
- Moderator:** On behalf of Onward Technologies Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.

Note: This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings