



“Onward Technologies Limited
Q4 FY26 Earnings Conference Call”

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

MODERATOR: MR. PRATIK JAGTAP – E&Y INVESTOR RELATIONS

Moderator: Ladies and gentlemen, good day, and welcome to the Onward Technologies Limited Q4 FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on a touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pratik Jagtap. Thank you, and over to you, sir.

Pratik Jagtap: Good day to all of you. Welcome to the Q4FY26 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, which will be then followed by a Q&A session.

As usual, I would like to remind you that anything that is said on this call that reflects any outlook for the future, or which can be construed as a forward-looking statement 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 reports that you can find in our website.

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

Jigar Mehta: Thank you. Good evening, everyone, and thank you for joining us. It's good to be back and share our performance for the fourth quarter and the full year for FY26. As you must have seen from the press release and the numbers released earlier today post the Board meeting, FY26 has been the strongest year in our history.

We've delivered record revenue of INR 550 crores, which is a Y-o-Y growth of 10.5% and a record EBITDA of INR 71.9 crores, with gross margin improving to highest in our history at 13.2%. In absolute terms, EBITDA grew 60.9% and PAT grew 72.3% Y-o-Y, reflecting the strength of execution and the quality of our earnings.

The performance is driven by consistent delivery, better operating leverage, focusing on few direct clients, disciplined cost control, and steady progress across our 3x3 vertical strategy. This has also translated to strong cash flows, with Operating cash flows and net cash now increasing to INR 127.3 crores, the highest in our history.

Our balance sheet strength continues to give us confidence and the flexibility as we continue to invest for higher revenue growth while continuously improving our EBITDA margins. Over the last four years since the pandemic, and especially since the new strategy has evolved focusing on the U.S. and Europe markets, we have delivered a revenue CAGR of 15.3% and an EBITDA

CAGR of 35.4% in this period, while keeping headcount largely stable at around 2,500 employees.

Our final headcount as of March 31, 2026, was 2,485 employees, who are based across India, Europe and North America, which is predominantly the U.S. and Canada for us. This is a strong indicator of the operating leverage and productivity level growth that we are seeing, including our revenue per employee growing consistently over the next four years, and we believe will consistently grow closer to industry benchmarks over the next several years.

In Q4, our revenue continued momentum. It was the highest at INR 139 crores, delivering a 6.9% Y-o-Y growth, while EBITDA margins were at 11.2%. Our growth continues to be anchored in deep and long-term client relationships, predominantly companies headquartered in North America and Europe.

Our top 25 customers continue to grow at a steady pace and now account for 88% of our revenues, reflecting strong concentration around strategic clients and increasing relevance within their engineering and R&D programs.

The best part about our business model and where we are today starting the new financial year FY26-'27 is, we still have a very small percentage of our clients' R&D budget or software outsourcing budget, and which gives us huge confidence in the next three to five years, as we look forward and the growth runway that we have with our existing clients.

Over the last 12 months, we added net six new clients, which are still at a very nascent stage, but where we have signed master services agreements (MSA), started bidding for projects, and started billing for them as well. I think that is a very exciting stage for a young company like us, which shows the confidence our existing large clients have in us, when they obviously give you references of other similar large companies, especially in our IEHM vertical.

In terms of our vertical-horizontal strategy, it continues to remain consistent. As we have shared earlier, it's 3x3, three verticals and three horizontals, IHM being the largest, and the other two where we are investing and expect to build momentum over the next several quarters.

In parallel, we have continued to invest in strengthening our horizontals, especially our digital and AI-led capabilities, supported by dedicated budgets. We also are gearing up for setting up our digital AI lab in Chennai in the next couple of months. I would love to welcome all of you there to showcase some of the amazing work that our delivery teams are doing for our clients.

If I look forward several years from now, I think Onward Tech will have a substantial portion of revenues coming from digital and AI projects, and I believe that will give us strong revenue growth as well as margin expansion, consistently and in a sustainable model. Simplification has also helped us in a very big way.

I've shared that last quarter. We are now able to execute focused trainings, focused learning, organizational developments and focused people-based initiatives, which have helped reduce attrition to its lowest level, which is below 15%, again a record for us. We were at 14.85% for the last financial year.

And we continue to see a lot of room for improvement in employee engagements and improving customer satisfaction, which will keep improving this percentage as we move forward to FY26-'27 and in the future as well. Looking at the overall perspective and looking at the overall amazing performance of the year and the bright future that we believe we have, with what we have seen so far with the clients' budgets, we the Board, have looked at a capital allocation budget as well and recommended an increase in the dividend to INR 8 per share. This will be our 11th consecutive year of dividend, and this INR 8 per share will be the highest that the Board has recommended, which shows the commitment that we have to return value to the shareholders.

As we look forward, we are increasingly confident about the next phase of our growth as well. We have finalized our road map covering both revenue and EBITDA, which I've shared earlier. We believe we have everything in front of us today to deliver double-digit EBITDA and revenue growth.

And our newly formed global GLT, or global leadership team, that we have recently set up, comprising business leaders and corporate function leaders, will drive the day-to-day operations and execution.

While the external environment remains dynamic, the demand outlook for digital and engineering services, especially new initiatives in AI projects, continues to be very positive. With the right clients, stronger leadership, clear depth, and a more focused business model, we remain comfortable reiterating our guidance for sustained double-digit revenue and EBITDA growth.

Overall, as a summary, FY26 was a year of strong delivery and structural progress. As we move into FY 27, we are focusing on deepening our role as a trusted digital engineering partner. We continue to strengthen our teams in the U.S. and Europe, and we are very excited about what we are seeing going forward with our existing client engagements.

With that, I'll hand it over back to the operator for questions. Thank you again.

Moderator: The first question is from the line of Burramesetty Suresh from Burrams Financials.

Burramesetty Suresh: Sir, you told about the business model and your growth, and you presented it well, sir. But from the stock market side, price has been continuously decreasing. Generally, from an investor perspective, I am asking-for so many years I have been a shareholder in Onward. Even though results continue to be good, the price keeps decreasing every quarter. Are you aware of your stock price?

Jigar Mehta: It's something we are working on. While we don't control the stock market and how the reactions are, we want to make sure that as the Onward Technologies management team, we at least articulate our story well. We share all the information transparently, and we are extremely positive.

As I said, over the last four years we have grown both revenue and EBITDA at a CAGR, and I think the next three to four years are going to be even more exciting. But on the investor relations

(IR) side, this is something we have to do a much better job on, and that's something the management team, including myself, is working on. We hope to show you improvement very soon.

Burramsetty Suresh: Sir, actually Anthropic Claude tools and AI developments may affect the company's future business. This is a broader industry problem. Can you explain the Anthropic Claude effect on Onward?

Jigar Mehta: No, it does not affect us. It does not affect engineering companies as of now. But if it does in the next few quarters, we'll definitely share more information with you. The impact today, with what has come out, is more for BPO and IT companies. Again, just to reiterate, Onward Tech is an engineering services company, not an IT company.

Burramsetty Suresh: Actually, Anthropic Claude is a product, and Onward is also a product company. Will Anthropic Claude companies have any effect?

Jigar Mehta: So again, just to clarify, Onward Technologies is an engineering services company. We don't sell products in the market. We are a pure-play services company, focused on U.S. and Europe clients.

Burramsetty Suresh: Anthropic Claude may disturb product companies also, sir?

Jigar Mehta: I would not know. Onward Technologies is not a product company, So it doesn't affect us at this point. As I said, we will definitely share with you and all our investors if we see any impact from Anthropic Claude and/or other AI platforms or tools in the world. But currently, so far, we have not seen any impact on us as a services business, specifically engineering services.

Moderator: The next question is from the line of Madhur Rathi from Counter Cyclical Investments.

Madhur Rathi: So, taking forward from the previous speaker's question. I definitely appreciate that you have increased the dividend, and the recent growth is also pretty encouraging. But then if we see our stock price, 21 years back in 2005, the stock was at INR 120, and today it's at INR 240.

So basically, shareholders have not really made any wealth. But this is an opportunity because now we have over INR 125 crores of net cash and our market cap is around INR 550 crores, which means that almost a quarter or a fifth of our market cap we have in cash.

So why aren't we doing a large share buyback so that the equity base can reduce and whatever growth comes in the future will get divided across a smaller equity base. So basically, the earnings per share will increase disproportionately.

And recently, in the Union Budgets, the taxation on the share buybacks has also become pretty attractive. Since the promoter shareholding is in a corporate structure, only 22% taxation applies. And if the promoters choose not to participate in the buyback, then the promoter's shareholding can increase. So, any thoughts on that?

Jigar Mehta: Thank you for the suggestion and recommendation. It's something the Board has been actively considering, and definitely, the price is very attractive, both for the company and for all the investors. Yes, it's an exciting time, and we hope to make the right decision, which will create a significant value for all our shareholders.

Madhur Rathi: Right, sir. And again, especially for layman investors like us who don't have a technological background, if you could just give some comments reassuring us on what exactly - I mean, are we user of AI, or can AI substitute our business?

And maybe the products, Claude, etcetera, that are present in the market right now are not impacting us. But the direction that things are moving in, what makes you think that we will be net beneficiaries instead of the business becoming redundant?

Jigar Mehta: Great question. This is something that we are actively monitoring at all times. Today, it is AI. Tomorrow, it could be some other technology disruption. So far, I can share with you that from our customer perspective, AI- especially the newer version of Claude and some of the latest version of ChatGPT- we have not seen any disruption that our customers have brought to us.

So, to address your point more directly, we are not using AI tools today to deliver client-based projects which are billable. So far customers have not asked us to use any specific AI tool.

So far, it's affecting – based on what we understand from the same news that you are reading- IT companies and BPO companies. It's not affecting engineering companies because engineering companies are not about hiring freshers and doing some basic application maintenance work.

We are doing new product development, robotics, and model-based development. It's a very high-end work, which needs deep domain experience, industry experience, factory experience, and shop floor experience. You cannot replace that overnight. We all believe it's coming, and I think we will create a lot of value with it once it starts getting adopted more meaningfully.

Now on the Onward Technologies side, what we are doing is that we have bought a lot of licenses, where our delivery teams and R&D teams are studying how we can create value for our customers using the AI tools, where we can bring down the number of hours or improve the productivity, and that R&D is going on as we speak.

We hope to go to the market in the next several quarters with more and more value-added solutions. When I say market, it's again to our existing customers, which I think will create a lot more value and eventually much higher revenue for us in the future. So I hope I have clarified where we are as an engineering company today.

Madhur Rathi: Understood, sir. Since you made the point that we are not a run-of-the-mill IT company, if you could give us some listed peers that are relatively like-to-like comparable with us, since you made the point that the TCS's and Infosys's of the world are not exactly the same business that we have?

Jigar Mehta: So, I didn't say IT companies are run of the mill. IT companies are amazing companies, amazing success stories, the best in India. They have put India on the global map, so they're among the

best companies out there, and I think they'll all do fabulously well with the resources and the amazing teams they have running their businesses.

Coming back to Onward Technologies and other companies in our space that have done a fabulous job- Obviously, you know L&T Technologies Services, you know KPIT, and you know Cyient. These are all multi-billion-dollar engineering services companies that have done outstanding work for their clients. The best part about us and all of them is we don't compete for the same clients.

We all have our niche clients that we focus on, and we are growing with them. We are an engineering services company. A more recent example is Tata Technologies, which is Pune-based and owned by Tata Motors. These are all engineering services companies.

Moderator: The next question is from the line of Hitaindra Pradhan from Maximal Capital.

Hitaindra Pradhan: Sir, my question is with regards to the transportation and the auto segment. If my calculations are correct, then it has de-grown this year. So, if you can give some commentary on that segment and when can we expect the turnaround.

Jigar Mehta: So yes, our transportation vertical, which comprises of both automotive and rail, saw revenue de-growth of 1%. This was due to two main factors. The first factor was we exited, we had shared this with you in our earnings call about one to one-and-a-half years back, where we exited all the Tier-1 and Tier-2 across India, Europe and the U.S.

And so that revenue growth, but we were hoping to increase the revenue from our OEM customers enough that this would get us to 10%, 20%, or 30% top-line revenue growth. That did not happen at the speed that we would have liked, due to the overall slowdown in the automotive sector and several other factors. But we are seeing the momentum now, and we are continuously working on improving growth in the vertical.

And I think the automotive and the rail vertical have enough growth potential for us to grow 5x to 10x from where we are right now. It's about getting the strategy right, making sure that we're investing in the future, and while we already have the client engagements, we just have to do a much better job in terms of execution.

Hitaindra Pradhan: Sir, most of our clients in the auto segment are U.S.-based and EU-based OEMs, or are we catering to the Indian clients as well?

Jigar Mehta: So, we at Onward Technologies are 100% focused only on the U.S. and Europe. If you look at our revenues, about 70% comes from North America and 30% comes from Europe. That percentage can change every quarter- I'm giving you on an annual-basis perspective. We have zero clients in India, and that applies across all the verticals.

Hitaindra Pradhan: Right. And sir, when the auto segment scales and the SLAs improve, is it fair to expect that margins improvement will be faster, or does that depends on the kind of projects we are doing and the value chain are supporting? If you can give us some guidance on margins and detail across segments.

Jigar Mehta: Absolutely. Your point is valid. When all the three verticals grow at similar speeds- let's say, at 20%, 30%, 40% year-on-year- the overall gross margins, direct margins, and operating margins will expand as well.

So today we have one vertical growing, one vertical we're investing in, and one vertical which we did not execute as well as we should have. Despite that, EBITDA margins are still at 13.2%,

At the start of the financial year, we had assumed we would be at around 11% EBITDA margins for the year. We had a couple of good quarters. We expected Q3 to be a slowdown because of the furloughs and the global slowdown.

But Q3 turned out to be a record quarter for us, because a lot of positive things happened. Overall, we balance things out, and it became a 13%-plus year for us. So very excited and pleased with that performance by the entire team.

The day all the three verticals start delivering to their full potential, margins will continue to expand and will expand even faster from where we are today.

Hitendra Pradhan: Got it, sir. And sir, any comment on the Q4 margins? They came down, so is there anything specific to call out there?

Jigar Mehta: Nothing in particular. I think it was a good quarter, as I said, for us. We're looking at the annual numbers. We will have some quarters where there will be some peaks from existing clients, and some quarters where we are investing a bit faster. But overall, I'm very pleased with where we are.

So, you will look at Onwards from an annual perspective, and you will see that next year as well, right? We have amazing visibility. We have very strong visibility for delivering much better performance than this year on an annual basis, both on top line and bottom line, and we expect that to translate into higher cash reserves as well.

Moderator: The next question is from the line of Mehul Panjuani from 40 Cents.

Mehul Panjuani: Sir, FY26 margins have expanded to 13.2%. How sustainable is this level, and what are the key levers that will drive our margins in FY27?

Jigar Mehta: So, from a revenue perspective, from a gross margin perspective, and an EBITDA margin perspective, I think it was a superb year for us, much better than we expected. Q2 and Q3 were outstanding. And we do believe that these numbers are sustainable, and not only sustainable-I think we can do much better job as well. There's lot of operating leverage that we have with revenue growth coming in.

And as I said, revenue growth from all the three verticals, which we believe we will be able to deliver this year. And keep in mind, our G&A costs and other costs usually remains the same because we have invested significantly in automation, internal systems, and tools. As a result, we are able to scale much faster. So we do believe there's lot of room for improvement both at the gross margin level and at the EBITDA level.

- Mehul Panjuani:** Right. Sir, my second question is- how large is the current deal pipeline, and what kind of visibility do we have for conversion in FY27, especially in our Top five accounts?
- Jigar Mehta:** Very positive, and that's why we are comfortable in sharing this confidence. We have seen this visibility over the last one year. We saw it last year, we see it this year, and we also see it over the next two years. When we sign agreements with our customers, they're usually long-term in nature and not transactional.
- So, we definitely see double-digit revenue opportunity across all the three verticals, and we also see margin expansion with more offshore delivery, better utilization, and strong bench discipline- and like any other offshore company, focusing on a pyramid organization and optimization so that we can continue to deliver value to our clients.
- Mehul Panjuani:** Great, sir. How much of FY27 revenue would you say is already committed or in advanced stages?
- Jigar Mehta:** A majority. I don't have the exact percentage, but if I had to give you a directional number, I would say 95% to 98% will come from existing clients, as per the budget from the 75 active clients that we have. At this stage, we are not commenting on the deal pipeline separately.
- Mehul Panjuani:** Okay. Great sir, out of our Top five clients, how many have we worked with for more than a decade?
- Jigar Mehta:** Our Top five clients, I would like to say two or three have been with us for at least ten years, if not a decade. Two or three for the last ten years, and there are the two clients that have really grown post the pandemic, over the last four to five years.
- Mehul Panjuani:** Okay. So sir, now I'm new to this company, so I'm just trying to understand a little bit more from whatever commentary I've been hearing across the various interactions. So what is it that -did we have a couple of rough years over the last two decades or so? Because I heard that we are doing quite well. So what was it that helped us during that time as well?
- Jigar Mehta:** Not much, actually. Last four years have been the best years in our history, as I shared earlier. Our revenue CAGR is 15% plus, and our EBITDA CAGR for the last four years is 35% plus. So it's been extremely positive over the last four years for us as an organization.
- Moderator:** The next question is from the line of Ranjay Popli from Banyan Capital.
- Ranjay Popli:** How do we book revenue? Is it based on the hours that we put in, or it's more outcome-based?
- Jigar Mehta:** It's based on number of hours that we put in. That accounts for about 88% to 90% of our revenues. The balance is based on fixed-price contracts, which is outcome-based. That's why we are able to predict our revenues more comfortably, and that's why we're confident in giving visibility for last year and for the next two years.
- Ranjay Popli:** With the introduction of AI, where it is possible to reduce hours, do you think you will be passing on some of the benefits to your clients?

Jigar Mehta:

Again, as I clarified earlier, we are an engineering services company. So far, we have not seen any impact of AI on engineering services. Please keep in mind in Onward as a business, or in engineering services as a business, none of us are hiring freshers straight out of college and just putting people and billing for hours.

The majority of our engineers are 8 years, 10 years, fifteen, or 20 years experienced. They have worked in factories. They come from manufacturing backgrounds. They have deep domain experience and, of course, multiple certifications. So far, there's no impact on the overall engineering service business globally, at least from what we understand based on feedback from our customers.

There could have been an impact in the IT business, the services business, and BPO business that people talk about. But so far, no impact on the engineering business.

Now, coming on the second part of your question about benefit to the customer- that is something Onward Technologies is doing proactively. We have bought a number of licenses and made investments last year, which I have shared earlier.

We hired a new CIO, who's doing a fabulous job. We've hired a new delivery leader, who's also doing a fabulous job. And we are trying to create and innovate in a way where we can add more value to our customers, where we can potentially bring down the number of hours or improve speed to market for the customer.

So, I think that's still several quarters down the line, because it has to be tested and validated, and I think it would happen at a global level. It is not going to be an overnight change. We definitely see huge value going forward in the next couple of years, which will have a very positive impact on the revenue and the gross margins of the company.

Ranjay Popli:

Just a basic question. Since this is a company that uses IoT- the Internet of Things. It takes data from the sensors, and then process and analyzes it, and provides a solution to the client. Am I right in understanding this?

Jigar Mehta:

The process of what Onward does-your understanding is right to a certain extent, yes.

Ranjay Popli:

So then the question that really comes up is that if the information is being extracted from the sensors, so don't you think that AI would be able to process it much better, of course with the help of all the industry-leading people you have today with ten years of experience? So don't you think in that particular space, it will reduce billable hours?

Jigar Mehta:

Sure. In situations like these, which you are clarifying, the customer is also aware that this can happen. So, there will be no RFQ, there will be no outsourcing. Keep a different view about Onward Technologies. Onward Technologies is focused on the same types of customers like we spoke about with IoT project. Customers' IoT outsourcing budget can range anywhere from USD \$100 million to USD \$1 billion.

Wherever AI can be used today, or the benefits of AI can be leveraged, customers have already removed that portion from their outsourcing budget when they created the budget this year.

They'll continue to reduce the number of hours on those projects and either move that work in-house or do it directly with Microsoft, Anthropic, or platforms like ChatGPT.

Onward is focused on the other side of the business, where the customer is actively outsourcing work, the number of RFPs, and the RFQs is increasing, and the demand is at all-time high. Customers are channelizing or dechannelizing the budgets- using AI for more routine tasks and moving towards domain-based tasks. That's where Onward is focusing on. So, we would not even bid for those projects that you are referring to.

Ranjay Popli: Okay. Got it. So, would you say that AI brings operating leverage to you rather than replacing you?

Jigar Mehta: Absolutely and that's our job. That's where we have to make sure that we build the best delivery organizations, best domain experts, deep domain experts. We have a lot of people front-ending across the U.S. and Europe. We have almost 125 employees outside India. We'll take that up to 200 to 300 in the next few years. So, it's a very exciting in terms of what AI can do and how it can benefit our customers, how it can create more stickiness, and how we can add more value to the customers.

Moderator: The next question is from the line of Abhijeet from P Asset.

Abhijeet: So, has AI significantly reduced the time required for development and coding? And are you seeing any renegotiation of contracts, and has there been any such instance?

Jigar Mehta: No, as I clarified earlier, we have not seen any of that so far. We are actually only seeing our customer engagements. We had several engagements pre-pandemic where we were supporting customers for more than ten years. These were customers we supported on the mechanical engineering side. That's the Onwards bread and butter, that's our DNA, that's our history.

All those customers are now more on the digital side, and we're continuously doing more and more quality work for them there. It's still at a very nascent stage. The moment that expands with the customers outsourcing budget, I think they all have potential to reach USD \$10 million per year.

That's why, for me, that number is very exciting- because it means we matter to our customers.

Coming back to renegotiating of contracts, the new customers that we have signed since the pandemic are already on the digital side- data analytics, and data engineering. We are trying to make more sense of that and see how we can build additional capabilities, because that's not been Onwards expertise for more than four to five years.

But the good part there is everyone – including many technology companies and engineering companies much bigger than us- is building similar capabilities. So Onward, has to, and we will, keep investing further. We have to continue front-ending these capabilities for our customers in the U.S. and Europe, and that's where we will see lot of leverage. So, the discussion of renegotiating of contracts does not exist today.

We don't have those USD 50 million or USD100 million maintenance contracts where customers are saying, okay, let's now reduce the cost or reduce the number of hours. We've not even reached that stage, and that's what excites me the most. Our journey from INR 550 crores, let's say, next three years is going to be very exciting.

Abhijeet: You mentioned operating leverage previously. So can we generate higher revenue from the same set of employees by leveraging AI?

Jigar Mehta: That's our hope. We have not seen that yet. For us, it's constantly about - we have definitely spent a lot of time over the last two years training and reskilling our employees so that we can move up the value chain and increase revenue per person. If you look at revenue per person, it is now almost close to INR 22 lakhs for us, compared to INR8 lakhs- INR 9 lakhs four years ago.

So, it's been a great journey in terms of what our HR team, engineering team, and our delivery organizations have done. Now we have to go to INR 30 lakhs, INR 40 lakhs revenue per person, and that's what we will keep investing in. Will AI help us there? That's the hope. That's the goal. But as I've shared earlier, we have not seen on the engineering business side, but we hope to see that as we continue evolving and investing in this area.

Abhijeet: And regarding employee expansion in Q4 FY26, there was slight Increase that we have noticed and if we look at the same quarter last fiscal year, it was kind of stagnant. So, this increase- was it because of the high-cost hiring, or any year-end bonus?

Jigar Mehta: Just to clarify, again, let me talk about the quarterly numbers. For us, 13%-plus EBITDA is what we delivered. We were hoping to reach 11%, and we are at 13%. In some quarters, teams and the vertical heads might invest more. Sometimes the onboarding happens in specific quarters. It's not something, as we have shared consistently over the last 4 quarters, we are micromanaging quarterly gain.

We're trying to invest; we're trying to grow faster. While revenue grew 10%, I would like the revenues to grow 20% to 30% every year. We have the potential, the clients, the teams, and all the right investments in place. It's all about making sure that we execute better.

That's the real goal. On the second part of your question, regarding year-end bonuses, we don't have year-end bonuses. All our commission plans, variable pay structures, and incentives are quarterly, and they are strictly based on the KRAs and KPIs that we have in place. So, we don't have cyclical payouts for our employees.

Moderator: The next question is from the line of Aditya Jhawar from AK Investment.

Aditya Jhawar: Great set of numbers. I have been following this company for the last five to six years. We have done a good job in transforming the business and focusing on couple of verticals, even though we had taken a hit in the revenues and margins. But now looking forward next three to five years, we are at a juncture where the AI is emerging, and there can be a chance where lot of businesses can get impacted, although right now there is no clear visibility on that.

I just wanted to ask the management-should we be more aggressive in building more capabilities and become a truly AI-led engineering services company, or should we scale slightly higher level and have stronger growth ambitions?

Rather than -- I know we are sticking to 10% to 12% of guidance, but why not acquire capabilities, use market to raise funds if required, and truly go out there and build AI engineering services capabilities within the company? What is the long-term vision you would share with us? If shareholders want to stay invested for a long run, what are we really here for?

Jigar Mehta:

Thank you for the question and I appreciate the suggestion. That's exactly what we would like to do as well. And I want to assure you that the entire GLT and leadership team at Onward is very focused on it. In fact, this is where we spent a significant amount of time discussing this morning at the Board meeting.

We are not shying away from investments. It's more about making sure we invest in the right opportunity that are in front of us and we are already doing that.

We're onboarding a lot of high-quality talent, not necessarily to add new clients, but to go deeper into existing client engagements. As you have seen from our positioning or re-positioning in the last couple of quarters and years, we are moving from a mechanical engineering company to a digital engineering company.

So a digital engineering company means exactly what you said- becoming an AI-ready company for our customers. To do that, we have to find the right people, invest in the right processes and build the right culture so we can expand towards this direction.

While 10% growth is a great starting point- especially considering the previous year was low single-digit- we want to grow much faster and there's clear visibility and strong intent interest to accelerate growth. What we have shared with you is what we believe is achievable, but as I mentioned earlier, we are all working toward improving and exceeding that over time.

Aditya Jhawar:

So, can we expect high-teens margins as well as numbers? Is that the visibility we can have with the customers? Because lot of customers are seeing strong Capex tailwinds. Can that benefit us this year?

Jigar Mehta:

Absolutely. That's what we are hoping for. That's what we have seen in the month of April as of now.

Aditya Jhawar:

So, we can expect these high-teens margins and high- teens revenue growth?

Jigar Mehta:

We are committing to; what we have we have consistently shared We believe in under-promising and over-delivering. We want to make sure that we deliver for our customers, our investors, and our 2,500 employees working very hard every day.

What we have shared is double-digit revenue growth and double-digit EBITDA growth. We will keep focusing on that and improving that. And as I said, this year 11% became 13% plus EBITDA. Next year, we hope to make it even stronger. There's a clear visibility and strong demand as we stand today.

Moderator: The next question is from the line of Arun Jhawar, an Individual Investor.

Arun Jhawar: Sir, I want to know, on a constant currency basis, how much have we grown year-on-year There has been significant of rupee depreciation over the last six months.

Jigar Mehta: I don't have the number in front of me at the moment. I would request you to please reach out to E&Y, who are our IR managers, and they can share with you all the break-ups and detailed numbers with you.

Arun Jhawar: We must have a lot of benefit in the revenue growth, which you are currently showing. So I think you must have some numbers, or you don't have any idea?

Jigar Mehta: Absolutely. That's why I said all the breakups that you would need, our IR managers, E&Y, can share that with you. You can e-mail it to them, and they can get back to you right away.

Arun Jhawar: Sir, there was post-conference notes arranged by Arihant Capital during March. I don't know - some management team had attended that particular conference, and they have given guidance of 10% to 12% revenue growth for FY26. But constantly, when we are attending the post-earnings conference calls, you are shying away from giving any specific guidance, and you are just giving the investors double-digit EBITDA and revenue growth.

But you are saying- you are actually giving this price-sensitive information in the other conferences. I just want to know why we are lacking transparency, because this is the prime call, which is actually followed by all investors, and you're giving specific growth guidance numbers only in the conference calls of some other investor community.

Jigar Mehta: That's not accurate. Double-digit means 10% plus. So I don't believe anybody from my team would say any other number. We've been very consistent throughout. We have consistently maintained double-digit revenue and double-digit EBITDA.

We would never share any other information- neither me nor the Board nor any other employee of Onward Tech - in any other forum.

Arun Jhawar: The conference was attended by your management, sir.

Jigar Mehta: Sure. That's why I said double-digit means 10% plus.. But if you think there's something which is out there- please write to me and our IR managers at EY. We'll definitely have a look and make sure we take corrective steps. But I don't believe it is accurate.

Moderator: The next question is from the line of Madhur Rathi from Counter Cyclical Investment.

Madhur Rathi:

If I look at our main segment of industrial equipment and heavy machinery, between the past four years our revenue has grown at 9% CAGR, and there has been some rupee depreciation, so I would expect that constant-currency basis this number would be much lower.

And the end segment- all three, I think industrial, energy, and off-highway- every one of the major players has grown or shown some kind of thought on either doing predictive maintenance or new ER&D projects. So where is the growth lacking for Onward, because it's not reflecting in our revenue as our customers are seeing? If you could just help us understand on that front.

Jigar Mehta:

So, all the constant-currency numbers, every micro detail, E&Y can share that with you or my CFO can share that with you.

To answer your question more from a perspective. Over the last four years, Onward Technologies has gone from 250 customers to 75 customers.

But we realize we are not an IT company, we are not a product company, we're not a services company. We are an engineering company.

It's impossible to do that because the domains are different, capabilities are different, product development requirements are different, skills are very different. You cannot cross-sell or upsell using the same, let's say, SAP person and put them into another other client or another domain. We realize we have to be something to someone. So from an ideal perspective, we should have only a few customers.

And if you see the best companies that I pointed out before and over the last three years as well, in our space, have all become multi-billion-dollar companies by only focusing on maybe two to ten customers. So any company with more than USD1 billion market cap up to USD10 billion has two customers to ten customers, which give them 90% to 95% of their profits and probably 80% of their revenue.

And you can study these companies. From an Onward perspective, we have followed that strategy, and we have gone from 250 customers down to 75, which potentially will go down to 50 in the next couple of quarters, as I've shared before. I think 50 is a sweet spot for a company of our size till we grow 2x, 3x, or 4x of where we are today.

And our customers that we select have to be- and customers who select us have to be- customers which have huge outsourcing budgets. While you are seeing a 15% CAGR, or in constant currency some other number, we are seeing much higher internally because the exit of clients has happened. Now the exit part is over, as we shared last year. So there are no more exits.

Now it's all about transitioning. There will be continuous growth from the top clients, while the tail accounts will keep playing out based on where we can win and where the customers love us. So that's the exciting stage for us.

Now coming to the second point of your question about how some other companies have grown much faster They have built much bigger teams or bigger budgets. I am not competing

necessarily with them, but there's definitely an opportunity for us, and I think the next few years look even better than the last three years.

Madhur Rathi:

Right. Sir, I understand that. So based on this customer-pruning strategy that we have done, how do we see our wallet share increasing with customers, or how do we ensure that the customer stickiness with Onward becomes much more than what it earlier was?

Because I understand the strategy, but as a non-technical person, I would like to understand where the company is heading with these few customers. Can we expect a wallet-share increase with them? Have we created some capabilities because of which we might get more orders going forward?

Jigar Mehta:

Absolutely, our customer wallet share is continuously improving. If you see our revenue when we were at INR 250 crores, our Top 25 clients contributed 80% of our revenue. Today, we are at INR 500+ crores, INR 550 crores; our top 25 clients contribute 88% of our revenue.

If I look forward three to five years from now, I think again our Top 25 clients will contribute 70%, 80%, or 90% of our revenue. So our market share is increasing, improving. Our gross margins are increasing, improving. That's how we have gone from low-digit EBITDA to double-digit EBITDA this year, 13% plus, to be more precise.

Absolutely, all those numbers are in front of you for you to understand how our wallet share is improving. We have not lost any customers in the last few years. It's always been progressive.

Now to answer your second question- how do we add more value, and how do we get more orders or get more access to more RFQs- that's a much better way to look at it. Onward was a pure-play mechanical engineering company till about a couple of years ago.

Today, mechanical engineering is only about 50% of our revenues. The balance 50% is software. Our team has done a decent job of investing in new capabilities on the software side. But I think we can do better.

And now with AI coming our way, with more investments in AI, we can reduce or bring speed to market for customers' products, reduce their R&D budgets, or reduce the number of hours. There's so much opportunity that can evolve in the next three years. I think we all are very excited about that, and that's what will remain and create the stickiness.

Investing in new capabilities, investing in new markets, investing in being present with leadership teams in the U.S. and Europe, not just being an India-based player. So making sure all the right investments happen. And I think all those are behind us. We have done that very well in the last four years. Now it's all about scaling in the next three years, where all of us on this call will see lot of value in.

Madhur Rathi:

Right. What I understood was there is this trend towards software-defined vehicles, as well as predictive maintenance in heavy engineering, where, due to using the same asset for a longer period of time, you are more inclined towards making your technology more efficient.

So, if you could help us understand, does Onward operate projects in this area or provide engineering services to the customers in these areas, or is this something that is maybe not higher for us, or this is where we are?

To clarify further, I'm trying to understand the software-defined vehicle and the predictive maintenance as trends that keep emerging in heavy equipment and engineering due to the longer replacement cycle of assets. So, does Onward provide any services in these areas, or this is something that we would like to move towards, or is this not currently a focus area for us?

Jigar Mehta:

So SDVs is an area which is for the automotive vertical, not for industrial, and today Onward Technologies is not present in this area. It's absolutely where we would like to go. We are very late again; we want to play catch up. It's I think about 2 or 3 years late, but we are going to play catch-up. So that's more on the embedded side.

And hence, I'm trying to transition Onward more and more straight to the digital AI side. While we keep investing in embedded it will contribute about between 18% to 30% of our revenues in the next couple of years. I would like to transition Onward more towards the latest disruption, where everybody around us, including our larger peers and larger successful companies in engineering space, has a level playing field. So that's where we would like to go.

On preventive maintenance and some other projects, we have won some. We have capabilities, and I think our teams are doing a good job, and I think that will keep expanding as we move forward.

Madhur Rathi:

Got it. What kind of investments will we be doing in manpower and capex over maybe the next one or two years?

Jigar Mehta:

So, on the capex side, we would be doing, in the next two years, close to about INR 25 crores, just for existing clients, and this is more for just setting up the labs. We are looking for bigger opportunities to do that, and we hope to do a lot of exciting things as we move forward there.

Keep in mind, we've already done a huge investment in the last few years. So, this is just more about strengthening. This does not include any new large deal that will potentially win that may need more, and for that we will go to the Board.

Moderator:

As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Jigar Mehta:

Thank you so much, everyone, for joining today. Great questions. I hope I was able to clarify or articulate where Onward is today. In quick summary, Onward is an engineering services company where 50% of our revenue comes from mechanical engineering, 50% from the software side.

We are trying to transition the company, while mechanical engineering business will continue to grow and remain core to our success, we are investing heavily on the software side and digital side. And we hope in the next couple of years, the entire company will transition towards AI.

We had a lot of questions today about AI and how it's affecting Onward Technologies today. Again, to reiterate or reinforce, it's not affecting Onward Technologies today. We are not an IT services company. We are not a product company. We are not a BPO company. We are engineering services company. So far, we have not seen our customers getting affected. In fact, our customers have recorded the best results and the best profits in their history.

Number two, there were lot of questions about India-based customers and what we do. Again, to reinforce, Onward Technologies has majority around 70% of our revenues coming from North America, which is the U.S. and Canada for us, and 30% coming from Europe. We have no customers or revenues coming from India.

The INR billing Onward Technologies does is strictly based on the GCCs of global companies or American and European companies in India.

And third, in terms of the future outlook, we definitely see exciting demand. We see very positive demand from our customers, where we believe our Top 25 clients will keep growing and there'll be a many other clients from the other 50 customers who will surprise us, move up the value chain, and grow much faster. We have an amazing team in place.

We have put a very strong GLT in place, as well with six leaders who have taken over the day-to-day operations from me. They are learning, they are growing, and I think they'll only get stronger and better every day.

Last year was tremendous, and hence the Board has recommended an increase in dividend to INR 8 per share, and we hope to sustain that and grow in the next couple of years as well.

The company is sitting on strong cash reserves of INR 127 crores, and we do believe that will keep growing as well. And we're very excited about how the next one to three years look and we hope to create lot more value for everybody on this call and the entire Onward Technologies ecosystem.

Moderator:

On behalf of Onward Technologies Limited, that concludes this conference. Thank you for joining us. 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.