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Date: May 21, 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 and year ended March 31, 2025 held on Friday, May 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**

VINAV AGARWAL Digitally signed by VINAV AGARWAL
Date: 2025.05.21 16:09:07 +05'30'

Vinav Agarwal
Company Secretary & Compliance Officer
Membership No:- A40751

“Onward Technologies Limited

Q4 FY25 Earnings Conference Call”

May 16, 2025

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

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

Moderator: Ladies and gentlemen, good day and welcome to the Onward Technologies Limited Q4 FY '25 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 the conference call, please signal an operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Ms. Asha Gupta from E&Y LLP Investor Relations. Please go ahead.

Asha Gupta: Thank you, Ryan. Good day and welcome to Q4 FY '25 and Full Year FY25 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 and year 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 and thank you, everybody. Welcome again and thank you for joining our Q4 and full year FY '25 earnings call. It's a pleasure to connect with you all again this quarter. I hope you had a chance to review the earnings deck and the press release that we released a couple of hours ago, post the Board meeting this morning.

Let me begin by giving a quick overview about last year and then Q4, and then where we are going. For us, last year was a bit of a consolidation year. We started the year expecting substantial revenue growth from both of our large verticals, which are the industrial vertical and the automotive. While the industrial vertical continued to grow, and they did fairly well, and we were able to win a substantial number of large customers, our automotive business-along with the whole external environment-saw a substantial slowdown, with a massive impact from the Tier 1 business, the auto component companies that we work with across North America and Europe. There was a substantial slowdown there, including shutdown of several projects in Q2 and Q3 due to the external environment, which was the war, the supply chain issues, and, of course, then the tariffs, which came up in Q4. We were impacted, of course, by that, and the majority of the revenue slowdown came from the automotive vertical. Our healthcare business, which is a fairly new vertical, the HCLS vertical, continued to make inroads into new clients, and I think they have an amazing runway for the next 5 years.

Coming back to Q4, Q4 was a good quarter for us compared to where we left off in Q2 and Q3. We delivered INR 127.3 crores of revenue and a 10.9% EBITDA margin for the quarter, which enabled us to deliver a consolidated INR 498 crores of revenue and a 9.1% EBITDA margin for the full financial year. So again, very close to the INR 500 crores mark, and I think it would have been great for us to cross that, just to make it a bit more attractive.

But overall, quite pleased with the run rate that we managed in Q4, especially with the uptick in our industrial vertical, especially from North America. Now coming back to the Q4 performance-in terms of revenue, we had a sequential growth of 3.2% and 7.5% on a year-on-year basis. On the EBITDA side, we had 183 bps quarter-on-quarter growth. We continue to believe, that we will see positive momentum in the next few quarters as we keep building up the revenue base. with majority of our fixed costs now fairly stable as we go into FY '25-'26.

Now coming back to our business model and where we are today, I am very excited to share that we announced about 9 months ago that we are moving the organization to a vertical-based structure. We have two large verticals, which is IE&HM, which is Industrial Equipment & Heavy Machinery and second is Transportation & Mobility (T&M), which includes automotive and rail. and the third, of course, is our HCLS vertical. All three verticals will have a P&L leader, responsible all the way through to the EBITDA.

So, I'm very pleased to announce that we have, of course, my cousin Pratish who runs our healthcare vertical. We've recently hired a new leader to head our T&M vertical and we'll be very happy to introduce all of you to this gentleman next quarter. And we also brought on a new CIO, a first for us. Both of these senior positions report directly to me and are based out of our Pune offices, two different offices, one in Kharadi, one in Baner.

I think they will add substantial value and depth as we try to go from the current INR 498-odd crores to INR 1,000 crores in revenue over the next few years. We continue to look for a new leader for our IE&HM vertical, a P&L leader, which is our largest and fastest-growing vertical today. And I think we should find somebody very soon. Currently, the IE&HM vertical is in very good hands. We have three amazing capable leaders and they're doing a fantastic job as they keep ramping up with our existing customers in the U.S. and Europe.

Now in terms of operating metrics, our top 5, 10, and 25 clients continue to grow, and I think they're doing well. Our relationship and our engagement are getting better. Similarly, we're now focusing on our next 25 customers as well. So, our top 50 customers will have very focused ASMs and ADMs, which is account managers for each client and one or multiple delivery managers for each large OEM client. This allows us to serve them in multiple geographies, across multiple LOBs and for multiple product lines that the customer may have. So, it's not easy for an engineering business for one person to handle everything. We do believe our salesperson; our account manager will be supported by a large number of very capable execution and delivery leaders.

Going into projections. So, while we have historically shied away from giving projections, we now feel comfortable, with a very focused execution model going into the next couple of years, or at least the next 3 years. We are comfortable that, in a conservative side, we should be able to deliver both double-digit top line growth and double-digit bottom-line growth towards EBITDA. So that's what we would like to focus on. Again, to reemphasize and reinforce, we believe the majority of that should come from our existing clients, especially the top 50 clients. If you look at last financial year, we invoiced a total of 80-odd clients globally, as of March 31, 2025. We believe over the next 3 years, that number will gradually keep coming down, as we keep betting on our top 50 clients, who love us, and obviously, we love working with them. And all of them will be predominantly headquartered in North America and Europe.

In terms of preference, things have changed, especially with the whole new discussions on tariffs and the Make in India initiative or support every global company setting up large GCCs in India. So, we are very comfortable in running and scaling up our GCC business where we invoice in INR. And of course, we have a very solid model, both in the U.S. and Europe.

We do believe all 3 geographies should continue growing. Based on external risk factors, we can mitigate that by one of the other markets growing for us. For example, if a U.S. company wants us to expand in U.S., which happened to us last year, and we were not ready because we didn't have the visas, now we've already invested in the visas. So, we are already in a very solid position going into this year. Now if the same customer has a slowdown in U.S. and wants us to ramp up India GCC in India. We have a beautiful execution engine towards that. So, I think we are very well covered in terms of supporting our existing clients on a global basis, especially in North America and Europe. We will continue to focus on those regions for the next 3 years instead of getting distracted by other geographies.

In terms of investments, our investment strategy this year is fairly simple. We had the Board discussion this morning as well. Total capex budget is approximately INR 12 crores, which includes upgrading all our office infrastructure in Pune, in Chennai and of course, new sales offices in U.K., in Michigan and in Munich, Germany. And the balance part of the investment in capex will be substantially on the hardware and upgrading our labs and everything else that we are doing, especially in our design centres in Pune and Chennai.

So, with that, just to close out and open the floor for questions, our strategy remains very, focused and centred around our existing clients. We believe we already work with some of the best clients in the world. We're definitely getting reference clients from our existing OEM clients, and we've seen them convert much faster. We do not have a traditional sales force in the organization.

It's very, focused on execution and delivery. We remain focused on all three lines of businesses, which is digital, (which includes AI, data analytics, cloud) embedded electronics and mechanical engineering services. We don't have a preference. All three grow based on the customer demand cycle. And third, in terms of geography, very focused, again, only on North America and Europe.

We are not getting into Asia, India or any other markets on a global level. So, with that, we believe we are well positioned to sustain the growth momentum you saw in Q4, despite the external macro uncertainties. We believe we can continue to add a lot more value to our customers. We're getting very positive feedback from them as we continue to evolve on a quarterly basis.

Thank you again for all your support and trust in us. I will now hand over the floor to the operator to start the Q&A session. Thank you.

Moderator: Thank you. Ladies and gentlemen we will now begin the question and answer session. The first question comes from the line of Rajya Vardhan from Astralit Investments. Please go ahead.

Rajya Vardhan: Hi, good evening Jigar. Congratulations on a good set of results. I just have a couple of questions. We've grown by about close to 4% to 5% this year and last year. What kind of revenue guidance or revenue growth are we looking at for the coming fiscal year and the following year?

Jigar Mehta: So as mentioned earlier, based on so many external parameters around us right now, we feel comfortable for the next 3 years to grow double digit both in revenue and EBITDA. That's the guidance, I think, we disclosed. Hopefully, as things get calm around us globally, I think we can get into more specifics. But starting April 1, 2025, we are sticking to double-digit EBITDA, both on top line and bottom line.

Rajya Vardhan: EBITDA, I can appreciate that, Jigar, but just my question is more towards the top line. Because double digit, can you, at least give a little more hint if it's going to be low? Are we expecting lower double digit, higher double digit, 10% or 20%?

Jigar Mehta: I would say 10% to 12%. I think that's a good conservative number for us to play with right now.

Rajya Vardhan: Okay, sure. Thank you.

Moderator: Thank you. The next question comes from the line of Parth Damani from Tirupati Equity. Please go ahead.

Parth Damani: My question is, where do you see yourself in like 3 years, any realistic target?

Jigar Mehta: Where do we see ourselves in 3 years? I think if you compound double digit, let's say, 10% to 12% revenue growth and you compound the same thing on the bottom-line side, I think that's where we will be. I think we can do much better, and this is just focusing on organic. If we get an opportunity to do inorganic, I think that will give us a much bigger boost as well. But more importantly, we want to go back to our basics where we believe we'll go down from a client perspective to a few clients, which will help us scale much faster and bigger than where we are, and that's where we add more value to our clients.

Parth Damani: Okay. And any deal wins you want to worth talking about?

Jigar Mehta: We don't have deal wins, as I said. We are focusing on existing clients, and we win new deals with them every day.

Parth Damani: Okay. And then guidance of INR 600 crores of revenue is doable in FY '26?

Jigar Mehta: So, we have removed that guidance now, Parth, as I said, because of all the macro environment around us. What we are guiding is double-digit revenue, which is 10% to 12%, and EBITDA, double digit.

Parth Damani: And what is the plan for the cash which we have in the balance sheet, any buyback or acquisition?

Jigar Mehta: Not sure. We are evaluating all of that. The Board has declared a dividend today of INR 5 a share, which is our 10th consecutive year. We are evaluating buybacks. We're evaluating a lot of other stuff. But where we would like to really use the cash that the company has generated over the last several years is on scaling up the business. We're continuously looking for the right opportunities in both the high-end verticals or both the high-growth verticals that we have.

Parth Damani: And just about your non-India business, when it will start to grow?

Jigar Mehta: Our entire INR 498 crores is non-India business. We have no India business.

Parth Damani: Okay. Got it. Thank you.

Moderator: Thank you. We have a follow-up question from the line of Rajya Vardhan from Astralit Investments. Please go ahead.

Rajya Vardhan: Hi Jigar, I've been an investor for the last 1.5 years. I've been on calls with you with a few of my colleagues, etc. Just in terms of revenue guidance, Jigar, I know in the past, we have given some sort of guidances, which we haven't lived up to for whatever reasons.

Do you think 10% to 12%, I understand you want to be a bit conservative at this time, but as an investor, as someone who wants to be on this journey with you, do you think hoping for 15% is a bit farfetched or it's something that can be done on a lower base like we have?

Jigar Mehta: So again, absolutely. I mean we are talking about from a base of INR 130 crores a quarter. So obviously, the scale can be much faster. But we wanted to give a guidance considering the client names that we have, considering the amazing management team that we have in place obviously. So we have everything is going for us. But again, I think you'll appreciate, last year, we were very positive and the whole world changed around us.

Rajya Vardhan: Absolutely. No, we really appreciate that.

Jigar Mehta: So, we, at the management team level, at the Board level, what we came back with is saying, okay, we have to give conservative numbers for the next 3 years. So you guys know we are in the right direction. You know that the customer appreciates us and that we are moving forward and we're generating a lot of cash.

Rajya Vardhan: And the responses from these customers, the feedback has been positive because the clientele we have, even if we manage to crack a $5 million, $10 million account with one of these clienteles, which in my humble opinion shouldn't be very hard. Is that the thought process, Jigar?

Jigar Mehta: That's the only thought process. That's the only thing that we're working towards.

Rajya Vardhan: Like Tesla, et cetera.

Jigar Mehta: As I said, we have 50 of them which are amazing. I think 65 are amazing out of the 80, when I say amazing with 65 as of March 31. These customers change, based on the M&A and what the markets that they are focused on. But we are focused on, it's all about scaling up. So, we have two clients above $5 million now already.

Rajya Vardhan: Okay. Lovely. So again, I feel like that's the reason why there's not a lot of questions. Again, I feel like stock has gone really under the radar and people are going to be in for a pleasant surprise.

Jigar Mehta: Good news for everybody.

Rajya Vardhan: Yes, definitely good news for us as investors. Jigar, just another follow-up question on your EBITDA. You said you expect a similar amount of growth on your EBITDA as your revenue. But in terms of absolute margins, your EBITDA margin, shouldn't we expect that to go up by a couple of hundred, means at least 2 percentage points maybe in a year or two?

Jigar Mehta: Absolutely. All your assumptions are right. We have to deliver. And again, we're coming out of a year where amazing budgeting and planning did not live up to the expectations, didn't live up to my expectations as well because the external factors around me changed so quickly, especially in the automotive industry and the supply chain. But we do believe this year will be much better. I think it looks very positive. April has been phenomenal for us.

Rajya Vardhan: You're talking about the automotive industry in general was a laggard in the last year, Jigar?

Jigar Mehta: For everybody, I'm assuming. So, any company which was in the automotive space, which did not do M&A organically must have gone negative, unless there's acquisitions to boost up revenue.

Rajya Vardhan: Correct. And Jigar, in terms of Trump and all, I know he has a habit to talk a lot, etc., and these are all tactics at the end of the day, but we are seeing like the Indian government and Donald Trump speaking absolute north-south, head-tails kind of versions about what's happening.

One says there's going to be free trade, one is retaliating the next day. What is the view that you're getting from that sense? Is there some sort of risk that's posed to the industry yet? Or you think that's going to keep easing out as time passes?

Jigar Mehta: So, two points there, what we look at it. One point is, obviously, this is why we're taking a conservative view. We would like to be in a much more aggressive place. So, we've also shied away from a lot of investments that we were planning to make in US and Europe and managing it from India. That's one. So, getting a conservative view from that perspective.

And second, obviously, we don't know. Every day is a new day, as you rightly said. But one industry which is particularly impacted in a very big way is automotive, which was last 6 months. And if that comes back to us, I think we will see a lot more momentum overall for the whole engineering industry.

Moderator: Ladies and gentlemen, we have lost the line of the participant. We move on to the next question from the line of Sameer Dosani from ICICI Prudential.

Sameer Dosani: Jigar, how to think about margins from here on, like Q4 margins were really good versus the rest of the year that you have seen. Do we have some salary hikes or visa costs that are coming up in the next couple of quarters that can dent our margins, or we can maintain the margins at the current level of Q4?

Jigar Mehta: I mean, again, Q4 margins were decent. As I said, 10.9% looks good compared to where we are coming off from last year, but I would still like it to be higher. Coming back to your question, I think we should be good. That's the reason we are able to give visibility. I think we have the right things in place where we should be able to consistently deliver double-digit EBITDA margin.

Obviously, our goal is to make it much higher, and we do believe by better utilization and more seamless execution on the international front, we can get there. To answer your third question on the increments, absolutely. So, we always have increments as a young company, an important part for employees, pretty hard. So, for us, it's every year from July 1 to July 1 is our increment cycle. April to June is the appraisal cycle and July 1 is the increment cycle.

To your last question, I shared that in the earlier earnings call as well that last year also we did. When all other engineering companies did not do any increment, we still gave the highest increments to our team members. And that also really helped us in terms of, obviously, employee satisfaction and reducing attrition substantially.

Sameer Dosani: Yes. So Q1, we don't see any visa cost. I think visa cost normally comes in Q4, right?

Jigar Mehta: Q2 for us for increments and Q4 for H1B visa application fees.

Sameer Dosani: okay.

Sameer Dosani: And this double-digit growth is INR growth, right? So, USD growth would be 8% kind of and maybe 2% from INR depreciation. That is how we are thinking about it, correct?

Jigar Mehta: I didn't look at it that way. I only think in rupees. It will be in rupee terms. So yes, I have not considered the dollar side of things. All my MISs are based on rupees today.

Sameer Dosani: And Jigar, when I look at last 2 quarters, at least the data that I'm seeing, sequentially, if you think about it, growth has not been there, right? Current quarter, obviously, I'm assuming that out of the 3%, I think 2%, 2.5% would have come from INR depreciation, right, because majority of our revenues are dollar denominated.

So sequentially, do you think our revenues can grow from here on, like Q1 will be higher than INR124 crores, INR 125 crores that we have clocked basis the deal wins that we have? Do you think revenue can grow from there from the current run rate on a sequential basis?

Jigar Mehta: Sameer, give me a quarter or 2 to surprise all of you guys. Let us deliver. I shared the same thing last quarter. I think we did a decent job in Q4. We have to bounce back.

We would have actually been much, much higher than where we are today. This year, we have taken a lot more assumptions. Our budgeting is a lot more informed than before. We assumed a flat year for us in automotive. So, if that momentum picks up, everything will change for us positively.

Sameer Dosani: That's good to hear that we have factored a lot of things in our budgeting. Okay. And any area like medical devices, auto, we have already assumed flat. These medical devices, do we expect growth to come in?

Jigar Mehta: Absolutely. So, the HCLS space, which is med device focused, I think, will continue to grow. We went from 0 to INR 18 crores, INR 19 crores last year. So, it's very hard to predict how big it can become, but the growth will be there. What I don't know is will they grow 20%, will they grow 50%, they have a potential to grow 100% as well. So let me give you more updates every quarter because it's at a very, very early stage. It's such a low number. It can really change a lot of dynamics. But I don't want to add that.

From my budgeting perspective, I've been very conservative for that this year. If you speak to Pawan as well, our CFO, he will tell you the same thing. We've done very conservative budgeting for verticals because of so many external macro parameters.

Sameer Dosani: Good to hear that. And margin, our guidance is double-digit plus. So, 10% plus is the margin we are thinking of. So, like last year, we were at 9%. And before that, we were at 11%. So, any levers or like what do you think that can help us expand margins?

Jigar Mehta: Only revenue growth because all the fixed costs are already there. Because we are talking about revenue growth from our existing clients. So, we already have all the fixed costs already inbuilt in our P&L today. So, it's all about adding value, going deeper and farming our existing clients.

Sameer Dosani: Okay. And we are seeing decline in Transportation & Mobility (T&M) business in Q4, I think, when I look at your data. So, from here on, it will stabilize, do you think?

Jigar Mehta: So basically, the entire trend was from a Tier 1 business.

Sameer Dosani: Correct. Correct.

Jigar Mehta: So, it's already budgeted from that perspective, and we have kept it whatever the numbers in March were. And in some places, even lower than that if we know we were going to exit or move out from that client.

Sameer Dosani: Okay. And my last question is, sir, Tier 1 is now a very small part of our business, like how big is it?

Jigar Mehta: No, T&M business is still very sizable. I think it's about 35%, 40%. And as I said, my dream, my vision, my goal is taking this INR 180 crores of T&M business to INR 1,000 crores. And I think it's possible because we already have the best clients. And we've already hired an amazing young leader. And now I just want to give him 3 to 6 months to put the whole strategy in place, the new organization structure because I think then we can go out and start hiring and building up the global base where we can differentiate as well in the market.

Sameer Dosani: Sorry, INR 180 crores is a Tier 1 business?

Jigar Mehta: No, the INR 180 crores is our T&M (Transportation & Mobility) business, that includes our entire automotive segment, not just Tier 1. Tier 1 is a subset of this, and while it has reduced in size, the overall T&M business remains substantial.

Sameer Dosani: Okay. Got it.

Jigar Mehta: It was INR 180-plus crores. And we have a pretty ambitious goal, but we just have to make sure we put the org structure in place. Now we got the leader in place. Now he has to put the whole execution model in place and the strategy in place. And that's what I think will happen in the next 3 to 6 months.

Post that, we are very happy to do an analyst meeting and share that with you guys as well because we want to differentiate the market. We don't want to do what other 3 automotive companies do. So, we'll come out with our own ambitious strategy, which can help us scale, and that's what we are working on.

Sameer Dosani: Great to hear that. And last question is like current feeling in the market is in times of difficulty, these OEMs and customers of ours will try to consolidate vendors. So how are you thinking about it? Is there some places you are losing, some places you're winning? Any thoughts on that? And how is it factored in our strategy and in our guidance numbers for next year?

Jigar Mehta: Again, great question, Sameer, and we discussed this before as well. For us as a young company, especially post the pandemic, we've gone from literally 0 to INR 500 crores of revenue. So, for us, it's a beautiful run. We are only celebrating in-house. Now where are we celebrating and why did Onward win is obviously because there was continuously vendor consolidation or vendor evaluation from the large global multinationals in US and Europe.

And that's where Onward Technologies really wins. So, we've always been that. Our backs have always been against the wall. We've always been alert towards that. And I do believe that's the reason one of the key things that we are trying to focus on our strategy is winning 10 customers.

And when we say that, and the objective of saying that is not just that we want to scale with existing customers, it's also a reality check for us that we cannot win every battle. So we have 80 customers, Onward has to win in 10. So, with this vendor consolidation, there are still 80 customers that we already have.

We have to only win 10 to get to our first milestone. So, we will win in some places, we will lose in some places. So far, it's only been positive for us last 4.5 years. And I hope we can keep doing what we are doing and keep building a young, mobile, agile, flexible team based on our values, I think we will be fine.

Sameer Dosani: Got it. And last year, our growth would be back-ended, like H2 would be heavier, like H1, we would expect to have softer growth or do you think it will be evenly distributed?

Jigar Mehta: I think we should grow quarter-on-quarter this year. As I said, we've done budgeting very differently, taking a lot of assumptions into place. And we've done very conservative budgeting is what I like to believe. We have much bigger ambitions, but a lot of things have to fall in place, especially the external parameters.

Sameer Dosani: Sure. Sure. I hope our assumptions include like environment to stay in the same manner, not expecting an improvement on the basis of which we are building on, so that if that is true then it will surely help our company.

Jigar Mehta: Yes.

Moderator: The next question comes from the line of Sandeep, an Investor.

Sandeep: Congratulations on a good set of numbers. So, I see that there is an INR 2 crores decrease in the other expenses compared to Q3 of this year and Q4 of last year. Can you throw some light on that?

Jigar Mehta: Yes. Other expenses are predominantly travel. And I think it must be software outsourcing or subcontracting. I can get you the exact numbers, details, Sandeep. If you can reach out to E&Y, they can give you all the breakup. It's linked directly, probably there are only 2 components in other expenses. There's software outsourcing, subcontracting that we do for commodity work and second is travel. There's nothing much which comes into other expenses in a service company. So that's where the reduction might be.

Sandeep: Okay. And very happy to hear a positive tone. And hopefully, we see very good numbers in the next few quarters.

Moderator: The next question comes from the line of Sriram Rajan, an Investor.

Sriram Rajan: Just a clarity. When you say you have 80 clients and you just need to win 10 of them, so the 80 are the customers with whom Onward has MSA, and you need to bid for 10 every quarter. Is that what you meant? Or it is that you need to win 10 for the year?

Jigar Mehta: Sriram, no, I don't mean any of that. There are 80 customers that we have an active engagement with for probably a year, if some of them even as high as 10 to 15 years. In those 80 clients, every day is war, because every day, you're talking about delivering projects, you're bidding for new RFPs, customers asking you to invest in new areas, you are betting on new areas.

So, what we are saying is, out of 80, let's say, 75 are in the 2 large verticals that we are present in. We will win 10 of them, which will scale much faster. So, now we have 1 client above $10 million, another client crossed $5 million.

We have multiple other clients, which will start crossing $3 million to $5 million. So that's how the journey will be. And then the goal is as we keep scaling up, we'll start hopefully bidding for multimillion-dollar deals and which will help us grow even faster or get to our mission even faster.

Sriram Rajan: Okay. If you look at the quarterly run rate of about, let's say, INR 120 crores, does it come from your top 10 customers itself, 80%, 90% of it?

Jigar Mehta: Correct. I think we have given the exact breakup in our investor presentation.

Sriram Rajan: Yes, you've given the breakup. I'm sorry, I'm just speaking on the mobile. I haven't seen the deck. If it's in the deck, I'll go through.

Jigar Mehta: Yes, we share all that data. Everything is out there.

Sriram Rajan: Yes. You do.

Jigar Mehta: I've shared attrition as well. I don't know, Shriram, you had asked me a couple of quarters back about attrition. I think we've shared our LTM attrition data as well now. I think it's at 17.3% or something.

Sriram Rajan: Yes. I'll see it, Jigar. I haven't gone through it. There's this question I've asked a few times in the past, but I think we see the pinch in the market where the artificial intelligence and LLMs kind of taking away 20%, 25% of routine tasks. So if you look at the digital side of the business and if you count cloud inside it and some of the other businesses, which can be actually commoditized and pushed to a robot, do you think there's some chance of some of the business falling off?

Jigar Mehta: Absolutely. I am a big fan of AI, and I think so is my entire team. And I think all the low-end commodity work will disappear. I think all of us are using it extensively for everything that we do. And that creates opportunities for us to up skill and move from low-value work to high-value work because we have the team already, Shriram.

That's the best part about my job is onboard. I shared that in my opening remarks. When we were INR 250 crores, we were 2,500 people. We are INR 500 crores, now we have 2,500 people. So we've really gone up the value chain in a lot of areas. And there's still sky is a limit for onboard and where we can go, in terms of I think for the same 2,500 employees, I think I'm sure we can do double or triple the revenue.

That's not going to happen, but that's something possible. So to answer your AI question, absolutely. I think AI will take away a lot of the low-end commodity work and help move the whole organization or the industry to higher-end work.

Sriram Rajan: Understood. That's clear, Jigar, I think. So you're prepared for it. So that was the point. So terrific. All the best.

Moderator: The next question comes from the line of Harsha, an Investor.

Harsha: I just had a couple of questions. First one is on the pipeline. So, I mean, have you seen any improvement in your pipeline in the last 10, 15 days? Are you seeing any trend there which is kind of improving compared to where it was last year that is giving you confidence on your outlook for this year?

Jigar Mehta: Last 10, 15 days is too short in the engineering industry. For us, the pipeline or the budgeting that we have done for this year is based on the pipeline we had 6 months back. So, in Q3 of last year is what the pipeline because we have bid for the projects in Q3, we expect to win in Q1 or Q2, then the execution happens, and that's what we had in our projections.

So even if something pops up today or suddenly world changes today, I don't think our numbers will have a big impact. On the automotive side of the business, that's one small portion where we've taken flat revenue as an assumption or very low assumption. There could be a potential uptick because when automotive business grows, they want substantially large number of people in the US and Europe.

And for the first time, Onward Technologies is ready with the visas and the execution engine and everything else that goes with it. So, if that uptick comes, I think we will be ready, and I think we will see much bigger growth potentially than what we are projecting right now.

Harsha: Understood. So essentially, your growth targets for this year are set on what's already in the pipeline. It's not basically assuming any new deals that are likely to come. But how are the deal ramp-down conversations taking place, Jigar? I mean, you did highlight about some ramp downs last year. Are they behind us now completely?

How are the conversations with clients trending now? I mean do you believe that most of the things that are in pipeline will actually be executed and converted into actual orders and revenue ramp-ups?

Jigar Mehta: So two questions. To answer your first question, how are the conversations with customers? I don't think it's much of a conversation. OEMs decided to bring in-source work. When they in-source work, they cut off the Tier 1s. So Onward Technologies used to work both. We predominantly work with OEMs and then we primarily work with OEMs and secondary with Tier 1s.

The OEMs decided last year because of all the factors that they will in-source all the work from Tier 1s. So suddenly, Tier 1 work dried out, which they were outsourcing to companies like Onward and all other automotive engineering companies in India. At least we took a big hit there. I think most companies I know took a very massive hit there. OEM work, the work increased because they continuously invested in innovation and R&D, and that work increased for us and for everybody else.

So the OEM part of the business is strong, consistent, and I think will keep growing. The Tier 1 business is where the challenge is. Just to answer your question. Was there something else that you were leading to?

Harsha: Yes. I also had a query on the deal ramp downs or cancellations, things like that. Are they kind of now normalized and things are looking good now?

Jigar Mehta: We haven't seen anything this year so far. This all happened in Q2 and Q3 of last year. We haven't seen any deal ramp down or any other conversation from customers. Actually, most companies in US, in particular, are in wait-and-watch mode right now. They want to see where the government plays out, what happens.

So, we have not seen any substantial positive conversations or negative conversations. But I think everybody is anxious. Everybody is sitting on a lot of cash. And everybody has to come out with great products. So, I think as soon as there's stability in the external parameters, I think you will see a huge uptick. We all like to believe there will be a huge uptick again that we saw post the pandemic.

Moderator: The next question comes from the line of Parth Damani from Tirupati Equity.

Parth Damani: Yes. My question was regarding the new leader which you have appointed in the Transportation segment. So, is it you have hired from KPIT?

Jigar Mehta: Parth, we have multiple new leaders. We will share a lot more details. It's all available on LinkedIn, but we would like the new team to settle down in their new roles, and we're happy to introduce you to them. It's not relevant where they came from. It's more the experience I was looking for.

Parth Damani: Okay. And any outlook about your margin? Like can it improve to a little more higher teens because other companies operating in this segment like in ER&D are having 16%, 17%, 18% margin. So I just want to know about your outlook on margin.

Jigar Mehta: As shared earlier, we are very comfortable. I think this year, we should be able to deliver and we will deliver double-digit EBITDA margin consecutively. How high it can go, that's an execute, try and do a good job. And hopefully, we can surprise all of you guys or make you guys happy. It's very hard to say because there are so many external parameters that we don't know today.

Moderator: As there are no further questions, I now hand the conference back to Jigar Mehta for his closing comments.

Jigar Mehta: Great. Thank you. Again, thank you for joining us today on a Friday evening. It's a pleasure to speak to you all the time, and I look forward to delivering a better year and keeping in touch with all of you. Thank you and have a great weekend.

Moderator: Thank you, sir. On behalf of Onward Technologies Limited, that concludes this conference. Thank you 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.