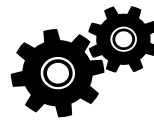




23rd Annual Report 2013-2014



Your trusted
Engineering Partner

CORE VALUES



Trust



Integrity



Accountability



Confidentiality

Board of Directors

Mr. Harish Mehta	Chairman and Managing Director
Mrs. Shaila Mehta	Director (up to 20.2.2014)
Mr. Pradip Dubhashi	Director
Mr. Arun Meghani	Director
Mr. Pranay Vakil	Director
Mr. Nandkumar Pradhan	Director

Auditors

Kirtane & Pandit
Chartered Accountants
'Sangati', Bhakti Marg
Off. Law College Road
Pune – 411 004.

Registered Office

Sterling Centre, 2nd Floor
Dr. A. B. Road
Worli
Mumbai – 400 018.

Registrar & Share Transfer Agents

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound
L.B.S. Marg
Bhandup (West)
Mumbai – 400 078.

Corporate Website

www.onwardgroup.com

Contents

Notice	3	
Director's Report	11	
Management Discussion and Analysis	19	
Report on Corporate Governance	22	
Auditor's Report	36	
Balance Sheet	40	
Statement of Profit and Loss	41	
Cash Flow Statement	42	
Notes to Accounts	43	
Consolidated Financial Statements	66	

NOTICE is hereby given that the Twenty Third Annual General Meeting of Onward Technologies Limited will be held on Friday, 1st August, 2014 at Victoria Memorial School for the Blind, 73, Tardeo Road, Mumbai 400 034 at 3.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statement of the Company for the financial year ended March 31, 2014, and Report of the Auditors and that of the Directors thereon.
2. To appoint a director in place of Mr. Arun Meghani (DIN 00153627), who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if deemed fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT M/s. Kirtane & Pandit, Chartered Accountants, (Registration No. 105215W) Pune, be and are hereby reappointed as the Statutory Auditors of the Company, to hold the office for a period of 3 years from the conclusion of this Annual General Meeting till the conclusion of the Annual General Meeting of the Company in the year 2017, subject to ratification by the members at every Annual General Meeting and that the Board of Directors of the Company be and are hereby authorised to fix their remuneration.”

SPECIAL BUSINESS

4. To consider and if deemed fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Pradip Dubhashi (DIN 01445030), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for three consecutive years for a term up to the conclusion of the 26th Annual General Meeting of the Company in the year 2017.”

“RESOLVED FURTHER THAT any one of the Directors of the Company or the Compliance Officer of the Company be and is hereby authorised to file such forms and documents and do such acts, deeds and things as may be necessary to give effect to the above resolutions.”

5. To consider and if deemed fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Pranay Vakil (DIN 00433379), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for three consecutive years for a term up to the conclusion of the 26th Annual General Meeting of the Company in the year 2017.”

“RESOLVED FURTHER THAT any one of the Directors of the Company or the Compliance Officer of the Company be and is hereby authorised to file such forms and documents and do such acts, deeds and things as may be necessary to give effect to the above resolutions.”

6. To consider and if deemed fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Nandkumar Pradhan (DIN 01197795), Director of the Company whose period of office is liable to determination by retirement of directors

Notice (Contd.)

by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for three consecutive years for a term up to the conclusion of the 26th Annual General Meeting of the Company in the year 2017.”

“**RESOLVED FURTHER THAT** any one of the Directors of the Company or the Compliance Officer of the Company be and is hereby authorised to file such forms and documents and do such acts, deeds and things as may be necessary to give effect to the above resolutions.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

“**RESOLVED THAT** in supersession of all earlier resolutions to the effect and pursuant to provisions of Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall include a Committee of the Board of Directors constituted for the purpose, if any) to borrow, from time to time, any sum or sums of monies, on such terms and conditions as the Board may deem fit, together with the money already borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) may exceed the aggregate, for the time being, of paid up capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose), provided that the total amount of monies so borrowed by the Board shall not at any time exceed the limit of ₹ 50 Crores (Rupees Fifty Crores Only).”

“**RESOLVED FURTHER THAT** any one of the Directors of the Company or the Compliance Officer of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

“**RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and in partial modification of the Special Resolution passed at the Annual General Meeting held on 15th July, 2011, consent of the Members of the Company be and is hereby accorded to pay a total remuneration not exceeding ₹ 8,400,000 to Mr. Harish Mehta, Managing Director of the Company (DIN 00153549), upto 31st March, 2016.”

“**RESOLVED FURTHER THAT** any one of the Directors of the Company or the Compliance Officer of the Company be and is hereby authorised to file such forms and documents and do such acts, deeds and things as may be necessary to give effect to the above resolutions.”

By the order of the Board of Directors

Place: Mumbai
Date: May 21, 2014

Harish Mehta
Chairman & Managing Director

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

Notice (Contd.)**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies to be effective, the instrument appointing the proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 is annexed to this notice. The brief resume of the Directors proposed to be appointed/re-appointed, nature of their expertise in specific fields, names of the Companies in which they hold Directorships and other details as required under Clause 49 of the Listing Agreement are also annexed to this Notice as required under the Listing Agreement.
4. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
5. Pursuant to Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from 30th July, 2014 to 1st August, 2014 (both days inclusive).
6. Members are requested to address all correspondence pertaining to their securities mentioning either the Folio Number/Client ID and DP ID numbers as applicable including any change of address, if any, to the Registrars and Transfer Agents of the Company viz.:

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound
L. B. S. Marg, Bhandup, Mumbai-400078
7. Members/Proxies attending the Meeting are requested to bring their copies of Annual Report together with attendance slip at the Meeting.
8. Members seeking any information relating to Accounts are requested to write to the Company at least 10 days before the date of the Annual General Meeting to enable the Management to keep the required information ready at the Meeting.
9. The Ministry of Corporate Affairs, has come out with a circular dated 29th April 2011 which allows the companies to send documents including Annual Reports and other intimation by an email. Therefore you are requested to register your email IDs with the Registrar and Transfer Agent of the Company. The Company is already having email ID of the members holding their shares in Demat through their respective Depository Participants. The said email ID shall be considered as registered email ID for the said members unless informed otherwise to the Company or Registrar and Transfer Agent.
10. A member shall be allowed to vote only by one method. Where a member has casted his vote by more than one method, the votes casted by evoting shall be considered. Where a member has not used evoting, the shares cast by assent/dissent form shall be considered.
11. The Annual Report 2013-14 of the Company circulated to the Members of the Company, will be made available on the website of the Company at www.onwardgroup.com
12. Members are requested to register their email IDs with the Company and encourage paper free Communications. The Company would sent its annual reports and other communications to the shareholders on their registered email IDs. The shareholders may register their email IDs with the Registrars and Share Transfer Agents – M/s Link Intime India Private Limited.

Notice (Contd.)

E-Voting Instructions

The instructions and process for voting electronically by the members are as under:

- A.
 - i. If you have cast your vote earlier for EVSN of any Company, then your existing login ID and password are to be used. If Demat Account holder has forgotten the changed password then enter the user ID and click on forgot password and enter the details as prompted by the system.
 - ii. Otherwise, Log on to e-voting website www.evotingindia.com.
 - iii. Click on “Shareholders” tab to cast your votes.
 - iv. Now, select the Electronic Voting Sequence Number [“EVSN”] along with “ONWARD TECHNOLOGIES LIMITED” from the drop down menu and click on “SUBMIT”.
 - v. Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
USER ID	FOR NSDL: 8 Character DP ID Followed by 8 character Client ID For CDSL: 16 digit beneficiary ID & enter the code	Folio number registered with the Company and enter code as displayed and click login.
PAN*	Enter your 10 digit alpha-numeric PAN issued by Income tax Department when prompted by the system while e-voting [applicable for both, shareholders holding shares in demat mode and shareholders holding shares in physical mode]	
Any one of the following two:		
DOB	Enter the date of birth as recorded in your Demat Account or in the Company records for the said Demat Account or folio in dd/mm/yyyy	
OR		
Dividend Bank Details	Enter the Dividend Bank details as recorded in your Demat Account or in the Company records for the said Demat Account or folio.	

* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the folio number for physical shareholder and client ID for demat account shareholder in the PAN field.

In case the physical folio number is less than 8 digits enter the applicable number of 0’s before the number after the first two characters of the name in CAPITAL letters. e.g. If your name is Ramesh Kumar with folio no. 1 then enter RA00000001 in the PAN field.

- vi. After entering these details appropriately, click on “SUBMIT” tab.
- vii. Members holding shares in physical form will then directly reach the EVSN selection screen. However, members holding shares in demat form will now reach “Password Creation” menu wherein they are requested to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case [A-Z], one lower case [a-z], one numeric value [0-9] and a special character [@ # \$ % & *]. Kindly note that this password is to be also used by the Demat Account holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CSDL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- viii. Click on the relevant EVSN on which you choose to vote.

Notice (Contd.)

- ix. On the voting page, you will see Resolution Description and against the same the option “YES/NO” for voting. Select the option YES or NO as desired.
The option YES implies that you assent to the resolution and option NO implies you dissent to the resolution.
 - x. Click on the “Resolutions File Link” if you wish to view all the resolutions.
 - xi. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
 - xii. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- B. Institutional shareholders [i.e. other than individuals, HUF, NRI, etc.] are requested to log on to <https://www.evotingindia.co.in> and register themselves as Corporate. After receiving the login details they have to link their account(s) which they wish to vote and then cast their vote. They should upload a scanned copy of the Board Resolution/Power of Attorney (POA) which they have issued in favour of the Custodian, in PDF format in the system for the scrutinizer to verify the same.
- C. The e-voting period commences on 24th July, 2014 [9:00 a.m.] and ends on 25th July, 2014 [5:00 p.m.]. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, may cast their vote electronically. The e-Voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- D. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company.
- E. Nilesh A. Pradhan and Co., Practicing Company Secretary [Membership No. FCS 5445; CP No. 3659] [Address: B-201, Pratik Industrial Estate, Mulund Goregaon Link Road, Next to Fortis Hospital, Nahur West, Mumbai] has been appointed as the scrutinizer to scrutinize the e-voting process.
- F. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions [“FAQs”] and e-voting manual available at www.evotingindia.co.in under help section.

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013.**ITEM 2**

As required under Clause 49 VI of the listing agreement, given below are the details of the director proposed for re-appointment of Mr. Arun Meghani (DIN: 00153627).

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

Directorship in other Companies:

Onward eServices Limited

Onward Software Private Limited

ITEM 4, 5 and 6

Mr. Pradip Dubhashi, Mr. Pranay Vakil and Mr. Nandkumar Pradhan are Independent Directors of the Company and have held the positions of Independent Directors of the Company. The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of Independent Directors by a listed Company. It is proposed to appoint Mr. Pradip Dubhashi, Mr. Pranay Vakil and Mr. Nandkumar Pradhan as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 3 (three) consecutive years for a term up to the conclusion of the 26th Annual General Meeting of the Company in the calendar year 2017.

Notice (Contd.)

The aforesaid Directors are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors. The Company has received notices in writing from members proposing the candidatures of Mr. Pradip Dubhashi, Mr. Pranay Vakil and Mr. Nandkumar Pradhan for the office of Directors of the Company.

The Company has also received declaration from Mr. Pradip Dubhashi, Mr. Pranay Vakil and Mr. Nandkumar Pradhan that they satisfy the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement. In the opinion of the Board, the said Directors fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement.

Their brief bio data and description of their profile is as follows:

Mr. Pradip Dubhashi: He is a practicing Management Consultant since the year '91. His competence lies in the areas of Strategy, Business Planning and Diagnostics, Valuations, raising of long term capital and finance. Before starting his consulting practice, he worked in the Mahindra Group for 15 years and held senior positions including as Corporate Planning Manager of the flagship Company and as Chief Executive of a group Company in engineering plastics business. He also had an earlier short stint with SICOM, a premier development bank of 70s. In his consulting practice, he has worked with companies in multifarious businesses such as engineering, cement, automotive components, power electronics and defense electronics, specialty chemicals et al. He also works with and mentors technology start ups.

Mr. Dubhashi has a BE in Electrical Engineering from College of Engineering (CoEP) Pune and a PGDBM from XLRI School of Management, Jamshedpur. He has attended several short term and topical courses conducted by IIMA, NCST, IEEE, ASCI and others in the area of management and technology. He is on the boards of other listed and private companies and chairs important committees of some. He is also a founder member of the Pune International Centre.

He holds directorship in the following companies:

Directorships in other Companies

Onward eServices Ltd.
Prime Securities Ltd
Microline India Pvt. Ltd.
Roop Automotives Ltd.
Divgi Metalwares Pvt. Ltd.

Member of Audit Committee

Prime Securities Ltd.
Onward eServices Ltd.

Mr. Pranay Vakil: He has been involved in property business for over 25 years with basic education and training in Accountancy (CA) and Law (LLB). Presently, he is the Founder Chairman of Praron Consultancy (India) Pvt. Ltd., a consulting organization, involved in Real Estate.

Earlier, he was the founder Chairman of Knight Frank in India, having set up the joint venture in 1995 with Knight Frank UK, a leading international property consulting firm. He retired on September 30, 2012.

Earlier he worked as Executive Director of Raychem in India (California based Fortune 500 Company) and with various TATA Group companies including Tata Textiles, TCS and Tata Sons, for over 15 years. Also a short stint as Managing Director of GESCO Corporation Ltd., a Company formed on demerger of The Great Eastern Shipping Co. Ltd.

He is an Independent Director of one of the largest listed companies engaged in property development, Godrej Properties Ltd., a Company engaged in fertilizers and chemicals, Deepak Fertilizers & Petrochemicals Ltd., and associated with three Real Estate Funds.

Notice (Contd.)

Presently he is the Co-Chairman of Housing & Real Estate Committee for 2014-15 with Indian Merchants Chamber (IMC). Jury member for industry awards and on advisory panels connected with industry awards, rating and media. He is amongst the first few in India to be honored with Fellowship of Royal Institute of Chartered Surveyors (RICS), the highest professional Real Estate Body. He is also on RICS Advisory Board in India and on the World Governing Council of RICS.

He is a visiting faculty/speaker at seminars, schools/universities, both within and outside of India.

He is associated as a Trustee with organizations connected with setting up of old age homes (Dignity), a school for integrated education (Rites) and medical dispensaries (Prakash Charities).

He holds directorship in the following companies:

Godrej Properties Ltd.

Deepak Fertilisers and Petrochemicals Corp. Ltd.

Usha Breco Ltd.

Praron Consultancy (India) Private Limited

Mr. Nandkumar Pradhan: He has 34 yrs of industry experience of which 27 years has been in the Indian IT Industry, holding leadership position in leading global companies like Onward Novell, Patni Computers, Microsoft and Red Hat Inc. He has worked in Crompton Greaves and Tata Exports before joining the IT industry.

Mr. Nandkumar Pradhan is the founder of Onama offering business consultancy and mentoring to start ups and early stage companies. He is also the co-founder of Pocketside LLC USA developing software products for the mobility industry.

He is an Electrical Engineer from CoEP, Pune University and MBA from JBIMS, Bombay University. He has also completed Advance Leadership program from Babsons School of executive education USA.

Mr. Nandkumar Pradhan was the former President and Managing Director of Red Hat India Ltd (Global leader in Open Source) since 2006 to Jan 2011. He was responsible for the business in the Indian Subcontinent and managing the Global Development and Services Center in India. He restructured and grew the India development center, which is one of the four global centers of Red Hat, making major contribution to the Linux operating system.

Mr. Pradhan was instrumental in starting open source business units in leading Global SI's like TCS, Wipro, IBM and HP. He has worked very closely with the Open source developer community making India a leading global contributor to the Linux Operating system.

As the Vice President APAC at Patni from Feb 2004 to Oct 2005 he managed the IT services and outsourced product development (OPD) business in Australia, Korea and ASEAN.

Prior to Patni he was one of the key members involved in the formation of the Onward Group and Onward Novell India, the joint venture between Novell Inc USA and Onward Technologies. Mr. Nandkumar Pradhan was the Executive Director for Onward Novell India for 12 years from 1991 to 2003. He has successfully managed the business in India making India one of the fastest growing region for Novell Inc. He was also instrumental in setting up the India development center for Novell Inc.

As General Manager of Hinditron Computers (Rated amongst the Top 5 IT companies by Dataquest) from 1985 to 1991, Mr. Pradhan led the Company's hardware and software business in India.

He has closely worked with the Indian Government and Industry associations like NASSCOM, CII on various policy issues.

He is Charter member of TiE.

He holds directorship in the following Company:

Onward eServices Ltd.

Green Tee Technologies Private Limited.

Notice (Contd.)

None of the Directors apart from Mr. Pradip Dubhashi, Mr. Pranay Vakil and Mr. Nandkumar Pradhan are in any way, concerned or interested in the said resolutions.

The Board recommends the Ordinary Resolutions set out at Item No. 4, 5 and 6 of the Notice for approval by the shareholders.

ITEM 7

Section 180(1)(c) of the Companies Act, 2013, stipulates that Board of Directors of the Company cannot, except with the consent of the members in General Meeting, borrow moneys, apart from the temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of paid up capital and free reserves of the Company.

With a view to meet the funds requirements of all the divisions and carry out the operations of the Company for both short term as well as long term, the Company may require to borrow from time to time by way of loans and/or issue of Bonds, Debentures or other securities. The consent of the Members of the Company is therefore sought in accordance with the provisions of Section 180 (1) (c) of the Companies Act, 2013 to enable the Directors of the Company to borrow money to the extent of ₹ 50 Crores (Rupees Fifty Crores only).

The proposed Resolutions are in the interest of the Company and the Directors recommend the resolutions at item No. 8 of the accompanying notice for approval of the members as a Special Resolution.

None of the Directors, Managers, and key Managerial Personnel or their relatives is in any way concerned or interested, financially or otherwise in this resolutions set out at item No. 7 of the notice.

ITEM 8

The Members of the Company at the Annual General Meeting held on 15th July, 2011, approved the appointment and remuneration of Mr. Harish Mehta, Chairman and Managing Director of the Company for a period of 5 years upto 31st March, 2016. The Company has vide letter dated 15th March, 2012 received the approval of the Central Government for re-appointment of Mr. Harish Mehta upto 31st March, 2016 whereas the remuneration of Mr. Harish Mehta was approved upto 31st March, 2014. The Board now proposes to provide the existing remuneration as approved by the Central Government vide the aforesaid letter. As per the provisions of Sections 196, 197 and 203 read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company may provide a maximum remuneration of ₹ 8,400,000/- (Rupees Eighty Four Lac only) by passing a special resolution. The Nomination and Remuneration committee of the Company has at their meeting held on 21st May, 2014 approved the proposed remuneration to Mr. Harish Mehta with effect from 1st April, 2014 which was recommended to the Board of Directors of the Company.

The Board recommends the Special Resolutions set out at Item No. 8 of the Notice for approval by the shareholders.

None of the Directors apart from Mr. Harish Mehta are interested in the aforesaid resolutions.

By the order of the Board of Directors

Place: Mumbai
Date: May 21, 2014

Harish Mehta
Chairman & Managing Director

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

Director's report

To
The Members,

The Directors are pleased to present before you the TWENTY THIRD ANNUAL REPORT together with Audited Annual Accounts of the Company for the financial year ended 31st March, 2014.

Financial Performance:

During the financial year FY 13-14, the Company recorded a healthy revenue growth of 14% to ₹ 16,815 Lac from ₹ 14,755 Lac in the previous financial year. The growth continued from the overseas markets in North America & Europe.

Over the last 12 months, the Company concentrated its focus in the overseas markets while maintaining current domestic business. Substantial investments were made to upgrade the infrastructure to serve our global clients.

The consolidated profitability was affected, with the PAT at ₹ 7.53 Lac mainly due to the changes in the business model of the domestic business of the ITS business in the subsidiary Onward eServices Ltd (OeSL).

The summarized consolidated results of the Company are as follows:

	For the year ended 31.3.2014	For the year ended 31.3.2013
		(₹ in Lac)
Sales and other income (Net)	16,815.35	14,754.58
Profit before finance cost, depreciation and exceptional items	975.38	1,498.35
Finance costs	341.26	338.53
Depreciation	354.55	405.60
Operating profit/(loss) before prior period expenses	279.57	754.22
Exceptional items	-	26.36
Profit/(loss) before tax	279.57	780.58
Provision for taxation		
– Current tax	20.62	61.14
– Current tax (Mat)	135.19	31.99
– Previous year tax adjustment	65.98	-
– Deferred tax expenses/(benefits)	50.25	154.21
Profit/(loss) after tax	7.53	533.24

Transfer to Reserves

During the year, the Company has not transferred any amount to reserves.

Dividend

The overall performance of the Company has been satisfactory. Company sees tremendous growth prospects and in order to capitalise on the opportunities the management has not recommended any dividend for the current financial year.

Operations

The Company has two major lines of focussed areas:

- 1) Engineering Design Services (EDS)
- 2) IT Consulting Services (ITS)

The Company's engineering operations can be broadly divided under two groups:

- Product Engineering Group
- Manufacturing Engineering Group

Director's Report (Contd.)

The Engineering Services cover “Customer Voice” to “Customer Experience” (Product Life Cycle) and continues to add new services based on client requirements, changing technologies & environment.

PEG – Product Engineering Group offers Engineering Services/Solutions in the areas of Product Design, Development and Product sustenance. These activities are performed by a pool of Engineering Subject Matter Experts along with a team of skilled Engineers using proven Practices/ Processes and State of the Art Design, Development and Verification tools in the areas of Automotive, Off Road equipment, Powertrain and Industrial Equipment. A team of Experts certified by SAVE (Society of Value Engineers) carries out the Product Sustenance Engineering work which involves Value Engineering and continuous Improvement.

MEG – Manufacturing engineering group offers Engineering Services that facilitates the manufacturing of the designed products. The Group provides cost effective engineering solutions to the complexities of manufacturing. The highly qualified team has delivered several solutions to the Robotic Welding, Manual Welding, Machining and Assembly and Inspection needs of the Automotive, Off Road and Industrial products. A team of experts in Process planning, “Should - costing” and alternate sourcing act as consultants for Product Development.

Company has continued its investments in strengthening and nurturing the Customer relations by investing in Client Relations Teams, subject matter experts and through new services. These investments and initiatives in customer relations have cemented the Company’s positioning in the North American & European markets as a rightful contender and the status of preferred service providers. With these initiatives, the Company expects to grow further the existing clients and also through good addition of new clients

Company is pleased to inform the opening of new Engineering Head Office at Pune, India. This state of the art facility spread over 26,000 sq. ft. will house Corporate, Product Design & Client Servicing teams. Here, Services are offered to leading mfg. firms in Europe and Americas with verticals across Industrial Equipment, Automotive etc. Strategically Located near Pune International Airport, it enables 24/7 operations and serve global customers in various time zones. The new office has the potential to accelerate growth with increased efficiencies by synergizing diverse Centers of excellence.

Customer First: The Company’s continued and persistent focus on keeping the Customer First in all our initiatives not only resulted in the retaining and expanding business with current prestigious clients but also facilitated the addition of new esteemed clients. . These initiatives were mainly focused towards broadening and deepening of quality offerings, within the timelines defined by the customers, ensuring large base of customer ready engineers. Company has become “Preferred Engineering Service Provider” to many existing customers.

COEEs – Centers of Engineering Excellences: The Company’s continued focus and commitment to investments in selected COEEs (Engine Design, Seating etc) is contributing to the growth by expanding the offerings. Most of these COEEs became quite attractive to many of our clients and demonstrated multiplying effects. During the year, Company has been able to acquire major and prestigious programmes from all the selected COEEs across all geographies. To name few; a good sizable team from this selective CoE is currently participating in integrating green-field projects overseas, giving Manufacturing Engineering technical assistance and support for the prestigious Auto OEM with a wide breadth of offerings. Similarly, Company’s team is also helping Domestic Auto OEM to put together the right engineering documentation to address the integration issues resulting in value addition to the services. We have also taken part in a global programme for North America based Tier-1 companies in product engineering support for Concept development to launch activities. All such efforts have resulted in penetration across sections of the client base enabling up selling and cross selling. The Company’s focus on such investments in CoE for the past few years has helped move up the value chain while adding impressive offerings to the existing portfolio and thus ensuring steady growth. Continued efforts have been made towards participating in prestigious global events such as SAE Congress, CoEP Centenary Celebrations, Product vendor user conference/technology events, forums, etc, where representatives of the Company have been invited as speakers/mentors.

Quality Processes & Customer Data Security: Company’s high level of commitment towards First Time Right Quality, Every Time Right Quality with right Quality processes and IPR protection measures and framework lead to increased customer satisfaction and an incident free year. This resulted in contributing to the increase in trust levels with respect to prospect conversion across clients and engagements, and also deepening relations with the existing client base and

Director's Report (Contd.)

hence enabling up selling and cross selling. Company has continued to invest in maintaining up to date processes, frameworks and certifications, enriching the customer satisfaction levels. There have been rewards and recognitions in the Company for continual improvement in meeting the year-on-year objectives in addition to client feedback and reward systems.

Project Management—The Project Management Office (PMO) in the Company has played a vital role during the year, ensuring the client RFQs are responded to with the right validation of capabilities and service offerings in line with the clients' expectations. Aligned to the vision of a virtual OEM; PMO has contributed by acquiring, imparting and deploying the resources, based on a skills matrix needed for each service offering to ensure the First Time Right Quality. Company has been making investments towards building a Knowledge Portal for betterment and reuse of lessons learnt from the previous projects and engagements in order to adopt the best practices and ensure Every Time Right Quality. These efforts towards Quality assurance are further supported by the internal Design Review Board that has been strongly institutionalized as a toll gate review mechanism; before client reviews. Continuous investments towards adding to and/or upgrading the CAPEX/infrastructure to deepen the service offerings to clients have been well aligned and accomplished.

Human Resources Initiatives

Company strongly believes in building effective human capital with strategic processes to drive established organizational goals forward in adherence with unmatched innovation and quality to uphold our core values and amplify our existing successful Business Model.

Strengthening the senior management team in order to penetrate new clients, enhance existing business relationships and increase customer interaction at a global level has been one of the key focus areas. In accordance with the above, significant efforts and investments were made to attract and engage High Potential talent in the organization. Conducive Orientation and Induction programmes were a primary focus of the Senior Management and have ensured leveraging our human capital to support our core values and encourage positivity, fundamental to the Company's success. In order to partner global businesses as per Industry standards and ensure commitment and alignment to our core values - we have fortified the required standard certifications in all aspects of the business.

Talent Management as a key function is spear headed by Human Resources to meticulously ensure career path, KRAs and job rotation across the organization. As a global organization, overseas opportunities were extended to many promising employees, providing them with advance career paths whilst maintaining intent to align with business / client requirements and focus on global growth. The Company is committed to promoting a global culture and has recruited local, talented and qualified personnel at multiple international locations

With an objective of promoting employee connect and cultivating a participatory environment, Company organized several events during the year, such as the Annual day celebrations, family get togethers, New Year and festive celebrations, we also participated in industry forums like CoEP, SAE Congress etc. as "Key Speaker" during the year. In order to motivate the employees and retain excellent talent, Company has policies in place to recognize individual performance, integrity, hard-work and loyalty. While considering recognition of the employees who strive to achieve success for the organization, Company rewards employees with Long Service Awards, ESOPs, POB (Pat on Back) awards, etc.

CSR Activities – The Company has under taken a number of CSR initiatives through Onward Foundation. The Onward Foundation's Charter is to extend support in the fields of Education and Health.

Subsidiaries

The subsidiaries of The Company are as follows:

Onward Technologies, Inc. (North America)

Company expanded & relocated its North America headquarters in Rosemont, IL a suburb of Chicago. Company also expanded its setup and operations in Troy, MI to match growing customer demands in the Automotive capital of the world. With this the Company completed its two year plan to expand into newer & bigger offices for all its key markets, to bring the office infrastructure to global standards & be able to attract the best available talent in the market.

Director's Report (Contd.)

Financial Highlights:

The North American operations have been growing at a steady pace in the last 3 years & last year achieved 19% revenue growth. The Company added a number of new clients in the said year and expanded its client base across various business segments. The Company is providing services to clients in the Education, Retail, Banking & Finance, Automotive & Aerospace, Waste Water Treatment industries.

In the current year, the Company expects to leverage the investments made in its local delivery capacity & operational expansion to result in sizeable growth & a sustainable business model.

Onward eServices Ltd. (India)

OeSL during the FY 13-14, has consolidated the strong alliances with the large SIs (System Integrators) and acquired new strategic accounts with high end customers.

The profitability remained affected mainly due to the delayed decisions in Government sponsored projects executed during the year

Financial Highlights:

- Overall Revenues grew by 21% to ₹ 2,438 Lac. While the revenue growth and customer base (including new additions) have been good, the Margins got significantly affected due to Non-recognition of large volume of WIP revenues from the much delayed Public Sector Projects during the year and certain onetime expenditures.
- However the decision to defer the WIP revenues coupled with a healthy Open Order Book of over ₹ 1,500 Lac set the beginning of the FY 14-15, will lead to a very healthy performance in the coming years.

Business Highlights:

Some of the Business Highlights:

- a. End to End implementation of Core Banking Application in multiple RRBs (Regional Rural Banks) in the states of Karnataka, Kerala & Odisha.
- b. Leveraging the relationship with large System Integrators, OeSL has successfully executed CCTNS (Crime and Criminal Tracking Network & Systems) in the states of Tamil Nadu, Maharashtra and Pondicherry. Recently commenced the CCTNS project in Kerala as well.
- c. Continued with the Application, Development & Support activities for several eGovernance projects in Tamil Nadu, where-in OeSL continues to be one of the top vendors.
- d. FMS and Professional Services of West region have shown phenomenal growth in terms of revenues over the corresponding previous FY 12-13.

Onward Technologies GmbH (Germany)

OTG has made positive progress in the increase of its prospective client base and penetration into the market during FY 13-14. In this year, OTG has moved into a new, spacious and strategically located office in the heart of Frankfurt; enabling the sales team to reach out to new and existing clients as well in increasing accessibility for client visits to a local office. This has not only increased the client communication and relations, but has also met their quality and delivery expectations. Onward is committed to and will continue the trend of Quality and Delivery to achieve the necessary growth in the German market.

Onward Properties Private Ltd. (India)

The main objective of the Company is Investments in shares and property markets. During the year under review, the Company did not undertake any substantial activities.

As per Section 212 of the Companies Act, 1956, Company is required to attach the Directors' Report, Balance Sheet, and Profit & Loss Account of its subsidiaries. The Ministry of Corporate Affairs, Government of India vide its circular no. 2/2011 dated February 8, 2011 has provided an exemption to companies from complying with Section 212, provided such companies publish the Audited consolidated financial statements in the Annual Report. Accordingly, the Annual

Director's Report (Contd.)

Report 2013 – 2014 contain the summary of financial statements of our Company's subsidiaries duly audited by its respective statutory auditors. Relevant information for each subsidiary has been disclosed in the consolidated balance sheet. Refer Notes on the Consolidated Balance Sheet and Profit and Loss Account

We hereby undertake that annual accounts of subsidiary companies and the related detailed information shall be made available to shareholders of holding and subsidiary companies seeking such information at any point of time. The Annual Accounts of subsidiary companies shall kept for inspection by any shareholders in the registered office of the Holding Company and of the subsidiary companies.

We shall furnish the hard copies of details of accounts of subsidiaries to any shareholder on demand within a reasonable period of time

Future Prospects

Indian Engineering R&D services industry continues to be at a pace of growth in line with the IT & BPO industry. The Company is unique in its segment, combining its rich experience with its track record; it offers an attractive value proposition to its clients. This positioning is attracting a client base with a broad and deep sense of relationships with opportunities of scale in the overall Product Life Cycle in the business that clients are in today. Currently, Company supports some of the most prestigious manufacturing companies in the world offering a competitive advantage in solving their complex engineering problems. In order to multiply these, endorsements from clients have been invaluable in enhancing the client relationships enabling upselling and cross selling. Furthermore, client endorsements have helped in winning new relationships and reducing the evaluation periods. The Company's commitment to investments in training, capabilities & CAPEX over the years aligned to growth has been fruitful and sustainable for the upcoming period. The Company will continue making investments towards enriching client engagement, reach and value added offerings.

The market size of the industry in India is expected to rise to USD 225 billion by 2020 from the current approximately USD 100 billion, considering India's competitive position, growing demand for exports, Government policy support, and increasing global footprint.

The Company's IT services business has continued to invest further in all the 3 growth segments of Application Maintenance Services (AMS), Infrastructure Management Services (IMS) and Product Development & Implementation Services (PDIS). We expect to see continued growth in each of the areas in both the Indian & North American markets.

Share capital

During the year the Share Capital of the Company was increased from ₹ 138,358,700 to ₹ 142,468,200 by allotment of 410,950 new shares issued under ESOP Scheme. At present the paid-up capital is ₹ 142,468,200 divided into 14,246,820 Equity Shares of ₹ 10 each.

Fixed Deposits

During the year under review, the Company had not invited or accepted any deposits from the Public.

Employee Stock Option Scheme

The Company had implemented Employee Stock Option Scheme 2009 for the benefit of Employees of the Company and its subsidiaries. The aforesaid scheme was approved by the Members of the Company at the Annual General Meeting held on 31st August, 2009 and the scheme is monitored under the guidance of the members of Compensation Committee of the Board of Directors. The rationale of implementation of new scheme was to attract, motivate and retain talented personnel with the Organization for long time. The total number of warrants approved under the scheme for employees of the Company, independent directors and employees of its subsidiaries are 875,000 with option to convert into 3,500,000 equity shares. The employees working with the subsidiaries of the Company are covered under the above scheme.

The Disclosures required to be made under SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999, is given as Annexure to this report including details on the grant, vesting, exercise, and lapsed options under the aforesaid ESOP schemes.

Director's Report (Contd.)

Auditors

M/s. Kirtane & Pandit, Chartered Accountants, (Registration No. 105215W) Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. Company has received a letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Sections 139 and 141 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

Directors Responsibility Statement

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (a) in the preparation of the annual accounts for the financial year ended 31st March 2014, the applicable accounting standards have been followed and that no material departures have been made from the same, save to the extent, referred to in the Auditor's Report;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2014 and of the profit or loss of the Company for the year ended 31st March 2014;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) the Directors have prepared the annual accounts for the financial year ended 31st March 2014 on a going concern basis.

Listing Information

The equity shares of the Company are listed on the following stock exchanges under the ISIN - INE229A01017:

BSE Limited: Scrip Code: 517536

National Stock Exchange of India Limited: Scrip Code: ONWARDTEC

Corporate Governance

Company has taken appropriate steps and measures to comply with all the applicable provisions of the revised Clause 49 on Corporate Governance and Section 292A of the Companies Act, 1956. A detailed report on Corporate Governance along with a certificate of Statutory Auditors of the Company is attached herewith as an Annexure to this report

Conversion of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

(i) Conservation of Energy:

Company utilizes electricity for operation of computers and initiates all efforts to minimize the consumption. At all levels conservation of energy is stressed upon. Company also takes possible measures to reduce the consumption by deploying automation.

(ii) Technology Absorption:

Research and Development

The IT and ITES Industry are subject to high rate of technological obsolescence. The Company is continuing its efforts to develop new software products with an eye to expand the levels of automation in the industries its customers operate. The constant R&D efforts have delivered new versions and features for the existing products in all the segments it works.

a) Specific Areas for R & D

The Company believes that technological obsolescence is a practical reality. It invests and encourages continuous innovation. Its R&D is always focused to provide unique benefits to our customers and other stakeholders by working both proactively (self-driven research) and reactively (customer-driven research).

Director's Report (Contd.)**b) Benefits derived as a result of R&D effort**

R & D activities taken up by the Company helps it to remain competitive.

c) Future Plans

Expansion of current activities by adding more R&D related activities in Manufacturing and other Information Technology applications, which have potential for commercial applications.

(iii) Foreign Exchange Earnings and Outgo : (OTL)

	<u>2013 - 14</u>	<u>2012 - 13</u>
Foreign Exchange earnings	₹ 3,263.68 Lac	₹ 2,225.50 Lac
Foreign Exchange outgo	₹ 621.97 Lac	₹ 434.36 Lac

Employee particulars

The particulars of employees as required to be disclosed in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, form part of this Directors' Report. However, as per the Provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all Members of the Company excluding the aforesaid information. Any Members interested in obtaining such particulars may write to the Company at its registered address.

Directors

The Company's Board of Directors is constituted in compliance with the Companies Act, 1956 and Listing Agreement with the stock exchanges.

The Directors are saddened to inform the shareholders of the sad demise of Mrs. Shaila Mehta, Director of the Company on 20.2.2014. Mrs. Shaila Mehta had a distinguished career in the Company and was actively associated with the growth of the Company right from its inception. As a member of the promoter group, she anchored the Company over the years. The Board of Directors and employees acknowledge her invaluable contribution to the Company.

Mr. Arun Meghani shall retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

The Company proposes to increase the present term of its Independent Directors viz., Mr. Pradip Dubhashi, Mr. Pranay Vakil and Mr. Nandkumar Pradhan for a further period of 3 years i.e. upto the conclusion of the 26th Annual General Meeting of the Company in the year 2017. Their brief profile forms a part of the explanatory statement as per section 102 of the Companies Act, 2013.

Audit Committee

The present Audit Committee of the Board comprises of Mr. Pradip Dubhashi, as the Chairman of the Committee, Mr. Arun Meghani, Mr. Pranay Vakil and Mr. NandKumar Pradhan.

Acknowledgements

The Directors hereby put on record their sincere gratitude towards the continued assistance and co-operation extended to the Company by its Customers, Stakeholders, Suppliers, Banks, Financial Institutions and various Government authorities towards the growth of the Company.

The Directors also place on record their deep sense of appreciation for the dedicated services rendered by the employees of the Company.

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 21, 2014

Harish Mehta
Chairman & Managing Director

Disclosure required under SEBI (Employee Stock Option Plan) Guidelines, 1999 Annexure “A”

Sr.No.	Description	ESOP 2009	
		2013-14	2012 - 13
1	Total number of options under the Plan	875,000	875,000
2	Options granted during the year	32,000	178,250
3	Pricing formula (₹)	10	10
4	Options vested (as of March 31)	308,212	121,263
5	Options exercised during the year	102,738	80,088
6	Total number of shares arising as a result of exercise of option (as of March 31)	410,950	320,350
7	Options lapsed	58,875	90,025
8	Variation of terms of options	Nil	Nil
9	Money realized by exercise of options during the year (₹)	4,109,500	3,203,500
10	Total number of options in force at the end of the year	235,688	365,300
11	Employee wise details of options granted to:		
	a) Senior management during the year	Nil	Nil
	b) Employees holding 5% or more of the total number of options granted during the year	N.A.	N.A.
	c) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	N.A.	N.A.
12	Diluted earnings per share pursuant to issue of shares on exercise of option calculated in accordance with International Accounting Standard (IAS) 33. (₹)	3.79	2.51

Management discussion and analysis

Overview:

The optimistic start of fiscal year 2013 continued maintaining the optimism in the markets thus growth of the Company and ended with a highly positive for FY 13-14 as the markets shown mixed signals based on the stability, demand and sustenance.

NASSCOM reports that India would emerge as a global and competitive engineering destination in the coming years. India is fast emerging as an Engineering and Design hub for various vertical domains including the likes of Automobiles, Aerospace, Semiconductor, Telecom, Computing and Hi-tech etc. Many of the global corporations are also leveraging the ER&D capabilities in India to move closer to emerging markets. With the total engineering market spending to touch \$ 1 trillion by 2020, the potential for growth, innovation & services is huge. This potential is being unleashed in a gradual manner until expected break through innovation in Engineering. R & D spent is predominantly on innovation, Optimization, eco-friendliness in their products with digitization, miniature and mobile aspects are covered in meeting end user expectations.

The Company is building up capacity, engineering capability & local presence in proximity to customers to become a preferred partner to providing these complex high value services. Engineering outsourcing to India which initially began as a cost optimization for Automotive, Aerospace, Utilities & General industrial engineering companies is now becoming more & more of a strategic investment. With availability of high skilled engineering talent in these low cost countries, they also bring with them the necessary mindset to innovate and new ways to make their current products cheaper with better materials and processes. This helps the Company find levers to leverage productivity & quality and also ways to enter new local markets.

IT and ITeS sectors continue to lead the economic growth in terms of employment, export promotion, revenue generation and standard of living.

Even though the growth of Domestic Market is slower than expected in FY 13-14 growing barely at 10%, the IT – Lobby made its most optimistic forecast for software exports for FY 14-15 in three years estimating a 13-15% increase in the next fiscal year with Fortune 500 companies expected to spend more in farming out back-office software projects to cut costs.

Nasscom estimated that Software exports in FY 14-15 would rise to as much as \$99 billion, from about \$86 billion estimated for this fiscal year ending March 2014. Including the domestic market, the Indian Industry is currently pegged at \$ 118 billion.

With rich experience in execution of several large eGovernance, BFSI projects, OeSL is poised for higher growth trajectory and also take its footprints into other verticals viz. Manufacturing, Healthcare, Telecom, etc. besides continuing its strong presence in BFSI & Govt. verticals.

All our recent investments are geared towards ensuring that the Company is keeping up with the changes in the macro economic scenario and also long term growth oriented. The Company is extensively focused on building strong client relations, strong domain capabilities, and a business model that is current with the times and agile enough to respond to the ever changing economic scenarios.

Performance snapshot

The Company registered a double digit revenue growth last financial year. The total revenues were ₹ 16,815 Lac at year end & expected to further grow in FY 14-15.

Today the Company has 2,000+ employees spread over 3 continents providing customers with a wide range of engineering & IT Solutions. The Company has added customer to the portfolio from various geographies. The Company's value proposition and offerings are attracting the global players to seek services. Continuous focus on the operational excellence is resulting into repeat orders and move up in the services value chain.

Engineering segment focuses on providing domain and technical skills to suit the customer needs and specific markets. Participation in Technology events and imparting training and development to the Technical resources further helps in nurturing the customer/specific market requirements.

Management discussion and analysis (Contd.)

Engineering spend is to drive the efficiency, product localization, product innovations, to meet the next Gen requirements of mobility, digitization and sustenance. There has been significant recognition during the year on Company's service mix in favor of high value-added work. This was consistent with the Company's objective of being known as solution provider. The Company continues to invest and strengthen Key domain manpower, subject matter experts in order to offer a high degree of design content to its major customers. This is an era of capacity offering, transforming to capability/solution based offerings. This new thrust from Company will result into exclusive design services agreements, leveraging the expansion of sales team and investments in the US, UK and Germany, which would help the Company to improve its revenue and get better margins.

Processes are in place for continuous strengthening of culture of First Time Right Quality, Every Time Right Quality, Institutional Design Review Board, Programs for nurturing talent, adaptive, flexible and agile in meeting changing customer demands.

Through Onward's gated project execution process, we verify readiness to proceed at key project milestones and we know how to manage all aspects of even the most complex project, from art-part-SOP (build-print). Our people are one of the key reasons who lead our industry, and they come together project after project in dynamic teams whenever they are needed.

Engineering domain cross fertilization, synergies with engineering disciplines (manufacturing, electrical, robotics, IT, etc.) for backward and forward integration in the overall total solution offering. Continuous efforts towards Strengthening Knowledge Management, enhancing chosen Center of Excellences (COE's) in Technology, Processes, Application Domain and Program Management are in place. Incremental investments in enhancing our engineering capabilities via external technology collaborations for R&D and Proto Development activities.

The current market size of engineering is a fraction of the eventual scaling that will happen in a decade's time. One of the key aspects to a successful scaling and retaining that position will be management of high skilled talent and continuous emphasis on development of new skills and refining existing ones. New technologies, processes & techniques will hit the market every few years which every service provider would need to be at forefront of for adoption. The Company has mandated training days for all its employees every quarter and has started cross training across domains, tools and technologies. Customers are now able to see the same team contribute to their different products but retaining the core knowledge of their business, manufacturing processes and know-how. This is helping build customer's confidence levels.

Compliance/IS security/certifications.

Onward Technologies Ltd. was successfully audited on grounds of ISO 9001:2008 and ISMS 27001 & respective certifications were renewed. Its 100% subsidiary OeSL continued with its various quality initiatives during the year FY 13-14 and both CMMI Level 3 and ISO 9001:2008 certifications are renewed.

Opportunities and threats

Global companies are now looking at low cost countries more and more as hot bed of innovation, lever to improve quality and productivity and a marketing strategy to enter the emerging economies. Having local presence not only provides a strategic thrust forward but also gives them local marketing access to needs of the market to which they can fine tune their products.

Emerging economies being the new growth markets, a lot of multinationals are now seeing outsourcing destinations in different light than cost arbitrage. This bodes very well for India and its engineering service providers to capture this market and cater to this growing niche space and demand.

The engineering outsourcing market to India could potentially touch as high as \$ 35 billion by 2020. With the highest speaking young working English language ready work force, higher engineering talent than any other Company, experience of setting up scaled up IT / BPO services and an ingrained understanding of delivering high quality solutions, India can be counted as well poised to capture the outsourcing engineering market.

Management discussion and analysis (Contd.)

To really make good on the above opportunities, the regulatory framework will need to be extremely proactive in supporting of such high skilled engineering services. The government will also need to work with other countries to give free access to labor movement. Immigration policies of some of the biggest markets are consistently being made more cumbersome and difficult to process. To mitigate such risks, the Company has introduced a mantra to GoGlobal, Act Local. The Company is now hiring locals in the geographies present abroad to mitigate any such potential immigration related challenges. This has along with it bought a new level of networks which is helping the Company to further expand its presence in those regions.

Availability of quality infrastructure in cities where new units can be setup will be a key cornerstone around which this growth can be supported. Currency fluctuations, local IT laws, protecting IP for clients amongst other things will also determine the rate and pace of growth of the industry. Rising cost pressure, inflation, higher wages will also allow other low cost countries to position itself as a competition down the line for the Indian engineering outsourcing market. Though there are very few countries that can have the scale that India has with its engineering & English speaking talent pool, there may be pockets of competition globally.

Risks and concerns

As per Nasscom report, the depreciation of the rupee and delayed decision making on Government Projects hurt the prospects of the domestic IT market. The domestic market witnessed slower than expected growth in 2013-14, growing at barely 10% compared with NASSCOM's guidance of 13-15%.

The global economy is showing signs of being on recovery path. Developed markets are showing slightly more appetite but there exists a slight overtone of caution which is guiding all business expansion and consumption decisions.

Both Engineering and IT spaces are highly talent and skill driven industries. Availability of talent, compensation pressures and controlling operational overheads will be another significant factor to scale.

The Company is continuously monitoring all the potential risks areas and developing strategies proactively to mitigate them.

Internal control adequacy

The Company, through regular and security audits, ensures suitable delivery, quality and security control in its work environment. It safeguards all its assets and protects from unauthorized users. The incidence occurrence metrics are periodically monitored and strict compliance actions are taken to avoid repeated situations.

Through diversification of type of business (Product Engineering, Manufacturing Engineering, Virtual Simulation Engineering, IT Solutions & IT Consulting) geographical spread and manpower skill-set and deployment categories, the Company has managed to off-set potential and identified risks.

Cautionary statement

Statements in this management discussion and analysis deal with Company's objectives, projections, estimates, expectations and predictions. The expectations of the management are regarded as forward looking statements with meaning of applicable securities, laws and regulations. These 'forward looking statements' are inherently subject to risks and uncertainties, beyond the control of the Company or its Management. Many factors could cause the actual results, performance and achievements of the Company to be materially different from any future results, performances or achievement that may be expressed or implied by such forward looking statements. Onward Technologies Limited shall not be liable for any loss which may arise as a result of any action taken on the basis of the information contained herein nor would be any obligation to update the forward looking statements to reflect developments of events or circumstances hereafter.

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 21, 2014

Harish Mehta
Chairman & Managing Director

Report on corporate governance for the year 2013-14

I Company's philosophy on corporate governance:

Corporate governance is maximizing the shareholder value in a corporation while ensuring fairness to all stakeholders, customers, employees, investors and other stakeholders of the Company. It is a system by which companies are directed and controlled by the management in the best interest of shareholders and other stakeholders of the Company. Corporate governance stands for responsible and value creating management and control of the Company. The Company believes that compliance with all rules and regulations should be done in true letter and spirit. It therefore has always stuck to such practices that lead to welfare of all the stakeholders.

The Company's policies and practices are not only consistent with the statutory requirements but also underline our commitment to operate in the best interest of the stakeholders in order to build an environment of trust and confidence among all components having conflicting as well as competing interest. The Company firmly believes that corporate governance is a powerful tool to subserve the long-term growth of the Company and such practices are founded upon the core values of transparency, professionalism, empowerment, equity and accountability. The Company makes best endeavors to uphold and nurture these core values in all facets of its operations and aim to increase and sustain its corporate value through growth and innovation.

Onward Technologies Limited fully implements the corporate governance code of conduct. The board of directors fully support and endorse corporate governance practices.

II Board of directors:

The size and composition of the board is in conformity with the requirements of Clause 49 of listing agreement entered into with the stock exchanges.

During the year, the Company lost one of its key anchors, Mrs. Shaila Mehta who passed away peacefully on 20.2.2014

A Composition of the board and other related information as on March 31, 2014:

Name of Director	Designation/ category	No. of directorships in other companies in India (excludes private companies and alternate directorships)	No. of other committee memberships (excludes private companies and alternate directorships)	No. of board Meetings attended	Last annual general meeting attended
Mr. Harish S. Mehta	Chairman & Managing Director/ Promoter Director	1	Nil	4	Yes
Mrs. Shaila Mehta *	Non Independent/ Non-Executive	1	Nil	2	No
Mr. Arun Meghani	Non Independent/ Non-Executive	1	1	3	Yes
Mr. Pradip Dubhashi	Independent / Non-Executive	3	3	4	Yes
Mr. Pranay Vakil	Independent / Non-Executive	3	1	4	Yes
Mr. Nandkumar Pradhan	Independent / Non-Executive	1	1	4	Yes

* Mrs. Shaila Mehta passed away on 20.02.2014.

Report on corporate governance for the year 2013-14 (Contd.)

B. Board meetings

As a process of good corporate governance, all corporate affairs and matters requiring discussion / decisions by the board, the Company has a policy for the meetings of board of directors and committee thereof. This policy ensures to systematize the decision making process at the meetings of board/committees, in an informed and most efficient manner.

The board meetings are held at least once in every quarter with not more than a gap of 4 months in between 2 meetings. The board meetings are generally held at Mumbai. The dates of the board meetings are fixed well in advance and intimated to the board members so as to enable the directors to plan their schedule accordingly. The agenda items are comprehensive and informative in nature to facilitate deliberations and appropriate decisions at the board meeting. On selective items, presentations are made to the board. Annexure 1A of Clause 49 has been complied as applicable to the Company. Agenda items inter alia include the following:

- Annual operating plans
- Quarterly and annual financial results
- Recommendation of dividend
- Change in constitution of various committees
- Monitoring and noting business transacted by various committees by taking on record minutes of various committees
- Proposal for amalgamation, merger, acquisitions etc.
- Floating of subsidiaries in India as well as abroad
- Details of investment in joint ventures
- New projects and expansion plans
- General notices of interest of directors and various disclosure from directors
- Laying down policies for code of conduct and prevention of insider trading and its implementation
- Laying down ESOP schemes
- Deciding managerial remuneration
- Litigation matters
- Allotment of shares
- Application to Central Government in various matters relating to the Companies Act, 1956

Four board meetings were held during the year ended 31st March 2014 and the gap between two meetings did not exceed four months. The board meetings were held on: 17th May, 2013, 22nd July, 2013, 23rd October, 2013 and 23rd January, 2014 respectively.

Code of conduct:

The Company has laid down a "Code of Conduct" for the members of the board of directors and the senior management. Annual affirmation of compliance with the code has been made by the directors and senior management of the Company. A declaration to this effect signed by the Chairman & Managing Director is given in this report.

The Chairman & Managing Director has certified to the board with reference to the financial statement and other matters as required in clause 49 of the listing agreement.

Prohibition of insider trading policy:

The Company has formulated and implemented the code of conduct for prevention of insider trading to comply with relevant regulations laid down by SEBI. Accordingly, the Company announces closure of trading windows, free period, declaration of prohibited period etc. The Company has designed a reporting system to prevent insider trading by designated persons as mentioned in the said policy and takes half yearly and annual disclosure from the concerned persons.

Report on corporate governance for the year 2013-14 (Contd.)

Whistle Blower Policy

The Company has formulated and implemented a whistle blower policy as required under clause 49 of the Listing Agreement with the stock exchanges. As per the policy, the Company provides a medium to redress the complaints raised by the employees or report any wrong doings that they may notice in the organization. The machinery of the policy ensures that each complaint is treated on its merits and full confidentiality is provided wherever required. The policy also ensures that employees report certain events directly to the Chairman and the senior management of the Company.

C. Directors' membership in board committees

None of the directors of the Company were members in more than 10 committees or acted as the chairperson of more than five committees across all companies in which they were directors. For the purpose of calculating the said limit chairmanship/membership has been considered only for audit committee and shareholders grievance committee.

III Committees of board of directors

The Company has constituted six committees of board of directors. These are:

- A. Audit committee
- B. Remuneration committee
- C. Compensation committee
- D. Shareholders'/investors' grievance committee
- E. Banking committee
- F. Selection committee

A. Audit committee:

1. Brief description of terms of reference:

The audit committee was constituted in terms of Section 292A of the Companies Act, 1956 and the provisions of Clause 49 of the listing agreement entered into with the stock exchanges.

The primary objective of the audit committee is to monitor and provide effective supervision of the management's financial reporting process and to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting to the board of directors on the following terms of references:

- a) Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending to the board, the appointment, re-appointment and, if required, the replacement or removal of statutory auditor and the fixation of audit fee and also approval of payment for any other services rendered.
- c) Reviewing with the management the annual financial statements before submission to the board for approval, focusing primarily on –
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualification in draft audit report.
 - Significant adjustments made in the financial statements arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with listing and legal requirements concerning financial statements.
 - Any related party transactions i.e., transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large.

Report on corporate governance for the year 2013-14 (Contd.)

- d) Reviewing with the management the performance of statutory and internal auditors, and the adequacy of internal control systems.
- e) Reviewing with the management, the quarterly financial statements before submission to the board for approval.
- f) Discussion with internal auditors on any significant findings and follow up thereon.
- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- h) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussions to ascertain any area of concern.
- i) Reviewing the Company's financial and risk management policies.
- j) To determine the reasons for any substantial defaults in payment to deposit holders, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

2. Composition

The audit committee comprises of four Non-Executive Directors with majority of them being Independent. The Chairman of the committee is an Independent Director. During the year under review, four meetings of the committee were held on the following dates: 17th May, 2013, 22nd July, 2013, 23rd October, 2013 and 23rd January, 2014 respectively.

The directors who are part of the audit committee as on March 31, 2014 and the attendance of each of the members of the committee are given below:

Name of director	Designation	Category	No. of meetings attended
Mr. Pradip Dubhashi	Chairman	Independent member and Non-Executive	4
Mr. Arun Meghani	Member	Non Independent member and Non-Executive	3
Mr. Pranay Vakil	Member	Independent member and Non-Executive	4
Mr. Nandkumar Pradhan	Member	Independent member and Non-Executive	4

The statutory as well as internal auditors of the Company were also invited for the meetings. In absence of Company Secretary, the Compliance Officer assumes responsibilities of secretary of audit committee.

B. Remuneration committee:

- i) The board of directors have constituted a remuneration committee of directors on 19th October, 2005.
- ii) The broad terms of reference of the remuneration committee are as under:
 - a) To approve the remuneration and commission/incentive remuneration payable to the managing director for each financial year.
 - b) Such other matters as the Board may from time to time request the remuneration committee to examine and recommend/approve.

Report on corporate governance for the year 2013-14 (Contd.)

(1) Composition

No meetings of the remuneration committee were held in the previous year. The remuneration committee consists of the following board of directors:

Name of director	Designation	Category	No. of meetings attended
Mr. Pradip Dubhashi	Chairman	Independent member and Non-Executive	Nil
Mr. Arun Meghani	Member	Non Independent member and Non-Executive	Nil
Mr. Pranay Vakil	Member	Independent member and Non-Executive	Nil

(2) Non executive directors' remuneration details for the financial year ended March 31, 2014:

Name of the director	Sitting fees (₹)	Total (₹)
Mrs. Shaila Mehta	50,000	50,000
Mr. Pradip Dubhashi	180,000	180,000
Mr. Arun Meghani	105,000	105,000
Mr. Pranay Vakil	150,000	150,000
Mr. Nandkumar Pradhan	160,000	160,000

The Company pays sitting fees of ₹ 20,000 per board meeting to Non-Executive directors attending board meeting. The Company pays ₹ 15,000 as sitting fees to the members of audit committee and ₹ 5,000 as sitting fees to the members of shareholders'/investors' grievance, compensation and remuneration committees. Since the payment of sitting fees is within the limit, approval from shareholders is not required.

During the year, Mr. Pradip Dubhashi, independent director had been allotted 5,000 shares under the ESOP scheme 2009.

C. Compensation committee:

1. Brief description of terms of reference

The compensation committee approves, allocates and administers the existing Employee Stock Option Plans (ESOP), 2009, reviews performance appraisal criteria and sets norms for ESOP allocation.

2. Composition

The compensation committee consists of three members. During the year, the committee had five meetings, which were held on 25th June, 2013, 22nd July, 2013, 5th September, 2013, 26th November, 2013 and 3rd March, 2014

The compensation committee comprises of the following directors on the board of the Company:

Name of director	Designation	Category	No. of meetings attended
Mr. Harish Mehta	Chairman	Non Independent member and Executive	5
Mr. Pradip Dubhashi	Member	Independent member and Non-Executive	4
Mr. Pranay Vakil	Member	Independent member and Non-Executive	2

Report on corporate governance for the year 2013-14 (Contd.)**D. Shareholders'/investors' grievance committee:****1. Brief description of terms of reference**

The scope of shareholders'/investors' grievance committee is to review and address the grievances of the shareholders in respect of share transfers, transmission, issuance of duplicate share certificates, dematerialization and re-materialization of shares and other shares related activities from time to time.

2. Composition

The shareholders'/investors' grievance committee comprises of three members. During the year, four meetings were held on 17th May, 2013, 22nd July, 2013, 23rd October, 2013 and 23rd January, 2014 respectively.

The composition of the shareholders'/investors' grievances committee is as under:

Name of director	Designation	Category	No. of meetings attended
Mrs. Shaila Mehta (upto 20 th February, 2014)	Chairman	Non Independent member and Non-Executive	2
Mr. Pradip Dubhashi	Member	Independent member and Non-Executive	4
Mr. Nandkumar Pradhan	Member	Independent member and Non-Executive	4

Status of complaints received during the accounting year ended 31st March, 2014:

Nature of complaints	Received	Resolved	Pending
Relating to transfer, transmission, etc.	Nil	Nil	Nil
Other/miscellaneous	Nil	Nil	Nil
Total	Nil	Nil	Nil

There were no pending complaints as well as share transfer proposal as on March 31, 2014.

To facilitate the shareholders an email id - grd@onwardgroup.com has been activated for any investor grievances.

Name and designation of the Compliance Officer: Mr. Yogesh Desai, DGM – Accounts & Finance

E) Banking committee:**1. Brief description of terms of reference**

The scope of banking committee is to discuss the matter relating to banking transaction, i.e. opening of account, change in signatories, obtaining financial assistance from the banks, etc.

2. Composition

The banking committee comprises of three members. During the year, 1 meeting of the Committee was held on 20th January, 2014

The composition of the banking committee is as under:

Name of director	Designation	Category	No. of meetings attended
Mr. Harish Mehta	Chairman	Non Independent member and Executive	1
Mrs. Shaila Mehta (upto 20 th February, 2014)	Member	Non Independent member and Non-Executive	1
Mr. Arun Meghani	Member	Non Independent member and Non-Executive	Nil

Report on corporate governance for the year 2013-14 (Contd.)

F) Selection committee

The selection Committee of the Board of Directors of the Company has been dissolved during the previous year.

G) General body meetings:

Details of the last three annual general meetings are as under:

Financial year	Venue	Date	Time	Special resolution passed, If any
2010 - 11	The Victoria Memorial School for the Blind 73, Tardeo Road Mumbai - 400 034	15.07.2011	3.30 p.m.	Yes (1 No)
2011 - 12	The Victoria Memorial School for the Blind 73, Tardeo Road Mumbai - 400 034	27.07.2012	3.30 p.m.	Yes (1 No)
2012-13	The Victoria Memorial School for the Blind 73, Tardeo Road Mumbai - 400 034	22.07.2013	3.30 p.m.	Yes (2 Nos)

(ii) Postal Ballot

During the year the Company did not pass any resolution by Postal Ballot and does not have any business that requires Postal Ballot.

There was no extra ordinary general meeting held during the last three financial years.

IV Disclosures:

- There were no transactions of material significant nature between the Company and its directors or promoters or the management, or their relatives etc. save and except transactions entered in the register of contracts, and the said transactions are not having potential conflict with the interests of the Company.
- The Company has complied with statutory compliances and no penalty or stricture is imposed on the Company by the stock exchanges or Securities & Exchange Board of India (SEBI), any other statutory authority on any matter related to the capital markets during the last three years.
- While preparing the financial statements of the Company for the year ended March 31, 2014, the management has ensured that all Accounting Standards have been properly followed and there has been no deviation from this practice.
- The management has evolved a risk assessment and minimization procedure code which is reviewed quarterly.
- Directors' remuneration details for the financial year ended March 31, 2014 to executive director:

Name of the director	Salary & perquisites (₹)	Incentive (₹)	Sitting fees (₹)	Total (₹)
Mr. Harish Mehta, Chairman & Managing Director	83,57,004	Nil	Nil	83,57,004

Report on corporate governance for the year 2013-14 (Contd.)

V Means of communication:

The board of directors of the Company approves and takes on record the quarterly, half yearly and annual financial results in the proforma prescribed under the listing agreement entered into with the stock exchanges where the shares of the Company are listed. These results are promptly submitted to the stock exchanges and the same are published in English and Marathi newspapers within 48 hours of such adoption by the Company. These results and are also posted on the Company's website www.onwardgroup.com.

The Company issues news releases on significant corporate decisions/activities and posts them on its website.

The Company ensures that the investors are regularly informed about the developments of the Company. It is for this reason that the Company issues press releases and other statements to the stock exchanges at regular intervals.

The Company's website www.onwardgroup.com provides a separate section for investors where relevant shareholders information is available. The annual reports of the Company are available on the website in a user friendly and downloadable form.

Annual report is circulated to members. The management discussion and analysis report and corporate governance report are part of the annual report.

The Company has appointed Link Intime India Pvt. Ltd. as registrar and transfer agent who are also authorized to take care of investors' complaints. The secretarial department also assists in resolving various investor complaints. The Company has created a separate e-mail id grd@onwardgroup.com exclusively for resolving investors' grievances.

VI General shareholders' information: CIN: L28920MH1991PLC062542

Annual general meeting

Date	:	1 st August, 2014
Time	:	3.30 p.m.
Venue	:	Victoria Memorial School for the Blind 73, Tardeo Road Mumbai - 400 034
Financial year	:	April 1 to March 31
First quarter results	:	3 rd week of July, 2014
Second quarter results	:	3 rd week of October, 2014
Third quarter results	:	3 rd week of January, 2015
Results for the year ending March 2014	:	4 th week of May, 2015
Book closure dates	:	30 th July, 2014 to 1 st August, 2014 (both days inclusive)
Dividend payment date	:	—
Registered office	:	Sterling Centre, 2 nd Floor Dr. A. B. Road, Worli Mumbai - 400 018
Stock exchange where equity shares listed	:	BSE Limited
Stock code	:	517536
Group	:	B1 National Stock Exchange of India Ltd. ONWARDTEC
Demat ISIN no. for CDSL and NSDL	:	INE 229 A 01017

Report on corporate governance for the year 2013-14 (Contd.)

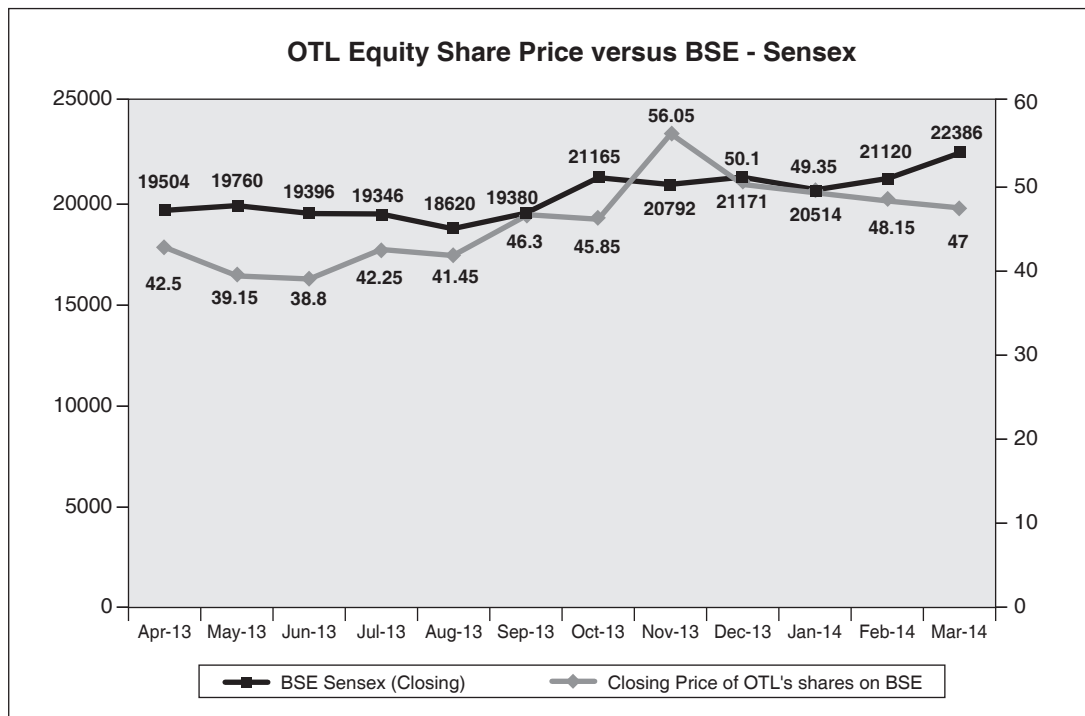
Market price data: High/low during each month in the financial year 2013-14:

(₹)

Month	BSE		NSE	
	High	Low	High	Low
Apr-13	43.65	37.50	43.20	37.40
May-13	42.50	37.40	41.90	36.95
Jun-13	43.25	35.00	40.50	37.45
Jul-13	45.95	37.00	42.00	36.25
Aug-13	43.00	38.95	42.30	39.00
Sep-13	47.05	40.50	46.50	40.50
Oct-13	51.25	41.25	51.00	41.60
Nov-13	69.00	43.00	69.65	43.70
Dec-13	54.80	46.80	54.45	47.00
Jan-14	53.20	45.50	52.65	44.70
Feb-14	52.95	47.20	51.95	46.55
Mar-14	51.50	43.00	50.95	44.50

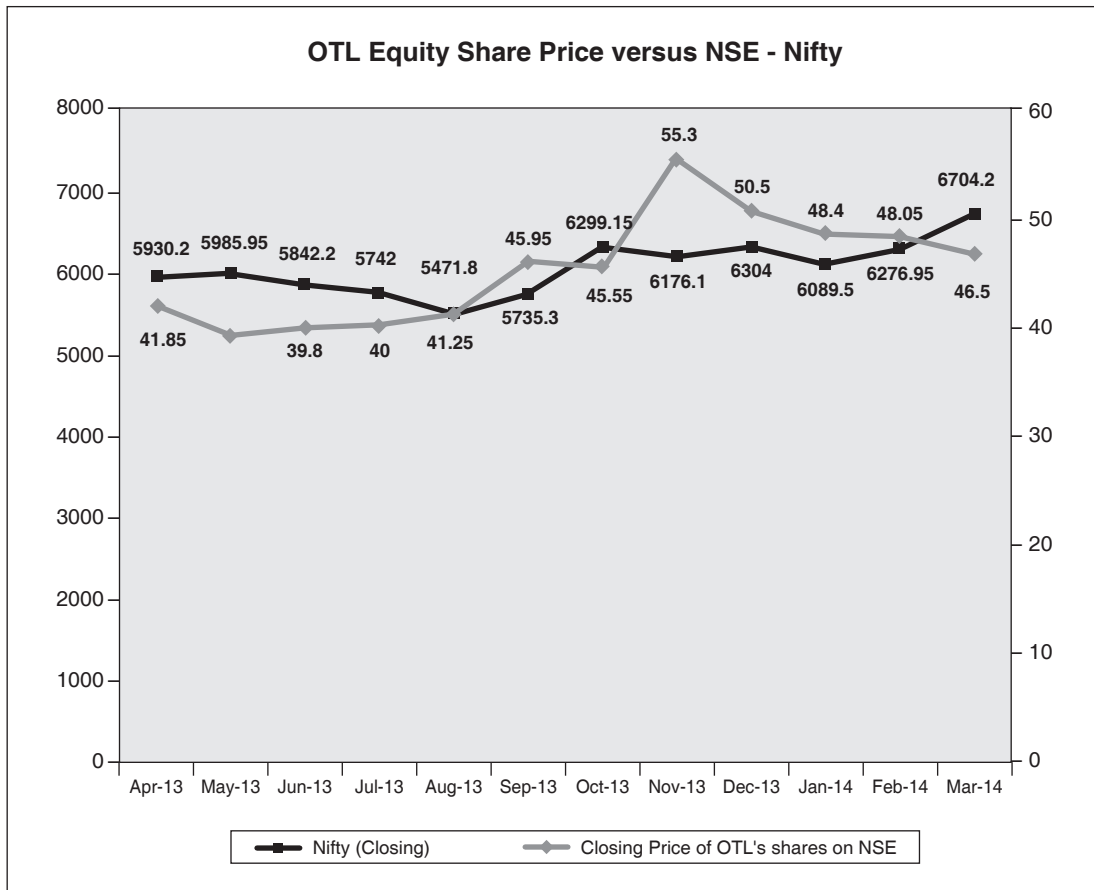
- Source: Website of BSE Ltd. and The National Stock Exchange of India Ltd.

Stock price performance in comparison to the Sensex in the financial year 2014-15



Report on corporate governance for the year 2013-14 (Contd.)

Stock price performance in comparison to the Nifty in the financial year 2014-15



Registrar and share transfer agents

Link Intime India Pvt. Ltd.
 C-13 Pannalal Silk Mills Compound,
 L.B.S. Marg,
 Bhandup (West),
 Mumbai - 400 078
 Tel: +91 22 25963838
 Fax: +91 22 25962691
 E-mail: isrl@linkintime.com

Share transfer system

The Shareholder/Investor Grievance Committee meets at regular intervals to process all shares received for transfer and the same are returned within 21 days from the date of lodgment if documents are complete in all respects.

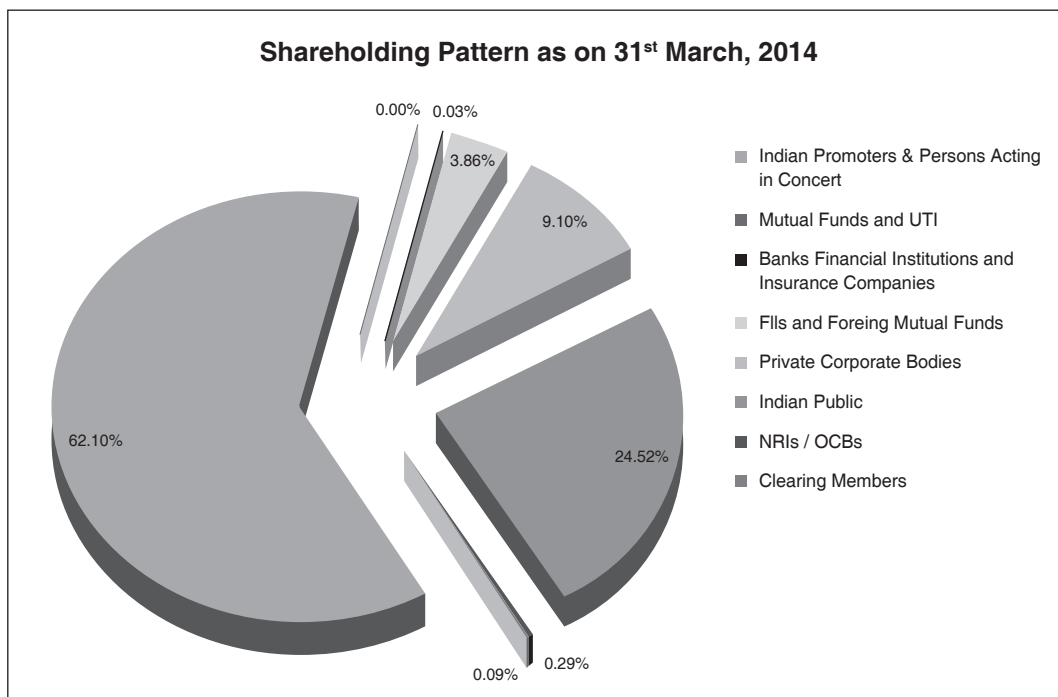
Report on corporate governance for the year 2013-14 (Contd.)

Distribution of shareholding as on 31st March, 2014:

Shareholding of nominal value (₹)	No. of share holders	% of share Holders	Amount (₹)	% of shareholding
1 to 5,000	5,686	84.64	10,048,040	7.05
5,001 to 10,000	532	7.92	4,278,230	3.00
10,001 to 20,000	255	3.80	3,770,010	2.65
20,001 to 30,000	92	1.37	2,309,970	1.62
30,001 to 40,000	29	0.43	1,059,250	0.74
40,001 to 50,000	27	0.40	1,296,260	0.91
50,001 to 100,000	43	0.64	3,115,480	2.19
100,001 to 9,999,999,999	54	0.80	116,590,960	81.84
Total	6,718	100.00	142,468,200	100.00

Shareholding pattern as on 31st March 2014:

Categories	No. of shares held	Percentage of shareholding
Promoter corporate bodies	8,241,322	57.85
Directors and relatives	606,610	4.26
Corporate bodies	1,297,596	9.11
Mutual fund	3,750	0.03
Banks	350	0.00
Foreign institutional investor	550,000	3.86
Non resident Indians	40,340	0.28
Public	3,493,984	24.52
Clearing members	12,868	0.09
Total	14,246,820	100.00



Report on corporate governance for the year 2013-14 (Contd.)

De-materialisation of shares and liquidity	As on March 31, 2014, 14,020,341 shares representing 98.41% of the paid-up share capital of the Company were in de-materialised form
Outstanding GDR/ADR/Warrants or any convertible instruments, conversion dates and likely impact on equity	Since, the Company has not issued any GDR/ADR/ Warrants or any convertible instruments, this clause is not applicable
Plant location	The Company does not have any manufacturing plant
Address for correspondence	<p>Link Intime India Pvt. Ltd. has been entrusted and appointed as Registrars & Share Transfer agents of the Company. All queries pertaining to transfer, transmission, de-materialisation and change of address be directed to them at their following address :</p> <p>Link Intime India Pvt. Ltd. C-13 Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West) Mumbai - 400 078 Tel: +91 22 25963838 Fax: +91 22 25962691 Email: isrl@linkintime.com Contact person: Ashwini Nemlekar</p>

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 21, 2014

Harish Mehta
Chairman & Managing Director

Chief Executive Officer (CEO) Certification

I, Harish Mehta, Chairman and Managing Director of Onward Technologies Limited, to the best of my knowledge and belief, certify that:

1. We have reviewed the financial statements and the cash flow statement for the year 2013–14 and that to the best of our knowledge and belief;
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the audit committee:
 - (i) Significant changes in internal control over financial reporting during the year;
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Mumbai
Date: May 21, 2014

Harish Mehta
Chairman & Managing Director

Auditors' Certificate

To
The Members,
Onward Technologies Limited

We have examined the compliance of conditions of corporate governance by Onward Technologies Limited, for the year ended on March 31, 2014, as stipulated in Clause 49 of the listing agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has generally complied with the conditions of corporate governance as stipulated in the above-mentioned listing agreement *except compliance under clause 47 regarding appointment of Whole Time Company Secretary.*

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Kirtane & Pandit
Chartered Accountants
(Firm Registration Number: 105215W)

Parag P. Pansare
Partner
Membership No.: 117309

Mumbai, May 21, 2014

Auditors' Report on Employees' Stock Option Schemes

We have examined the books of account for the financial year 2013-14 and other relevant records of ONWARD TECHNOLOGIES LIMITED and based on the information and explanation given to us, certify that in our opinion, the Company has implemented the Employees Stock Option Schemes in accordance with SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (as updated up to 3rd September 2009) and the resolutions of the Company in the Annual General Meeting held on 31st August, 2009.

For Kirtane & Pandit
Chartered Accountants
(Firm Registration Number: 105215W)

Parag P. Pansare
Partner
Membership No.: 117309

Mumbai, May 21, 2014

Auditors' Report

To
The Members,
Onward Technologies Limited

Report on the Financial Statements

We have audited the accompanying Financial Statements of **Onward Technologies Limited** ("the Company") which comprise the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us the said accounts read together with the notes thereon of Notes to Financial Statements, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the state of the affairs of the Company as at March 31, 2014;
- ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note no 39 and 40 to the financial statements regarding non appointment of full time Company Secretary and outstanding amount of bond money receivable.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government of India in terms of sub-section(4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

Auditors' Report (Contd.)

2. As required by section 227(3) of the Act, we report that:
- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. the Balance Sheet and Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account.
 - d. in our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with General circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act;
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Kirtane & Pandit

Chartered Accountants

Firm Registration Number – 105215W

Parag P. Pansare

Partner

Membership Number 117309

Mumbai, May 21, 2014

Annexure to Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i)
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - (b) As explained to us, physical verification of major fixed assets has been conducted by the Management. However discrepancies, if any, between the book records and the physical verification have not been ascertained.
 - (c) During the year, the Company has disposed and discarded some of its fixed assets. In our opinion and according to the information and explanations given to us, fixed assets disposed off were not substantial and therefore has not affected the going concern assumption.
- (ii)
 - (a) The Company is a service Company, primarily engaged in Mechanical Engineering designing and Information Technology services and consultancy, further in respect of trading activities of the Company, the products viz. Software are purchase only if counter orders are received from the customer, thus it does not carry any physical inventories as on balance sheet date. Thus, paragraph 4(ii) (a) and (b) of the Order (as amended) is not applicable.
- (iii)
 - (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (a) to (d) of the Order are not applicable.

Auditors' Report (Contd.)

- (b) According to the information and explanations given to us, the Company has taken unsecured loan from its Holding Company which is covered under the register maintained under Section 301 of the Companies Act, 1956. The total maximum principal outstanding during the year including opening loan from subsidiary amounts to ₹ 50,839,915/- and the closing balance was ₹ 38,064,341/-
- (c) The rate of interest and other terms of unsecured loans taken by the Company are not prima facie prejudicial to the interest of the Company.
- (d) The terms of arrangement do not stipulate any repayment schedule for principle. Accordingly, paragraph 4 (iii)(g) of the Order is not applicable to the Company in respect of repayment of the principal amount. However the Company is regular in repayment of Interest.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of software products and fixed assets and for the sale of such software products and services. We have neither come across nor have been informed of any major weaknesses in the internal control system in the aforesaid areas.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that are required to be entered in the register in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
- (b) In respect of transactions made in pursuance of such contracts or arrangements exceeding the value of ₹ five lakhs entered into during the financial year, have been made at prices which are reasonable having regard to the prevailing market prices based on the Transfer Pricing study carried out by the Company under Income Tax Act.
- (vi) The Company has not accepted any deposits from the public. Accordingly, paragraph 4(vi) of the Order (as amended) is not applicable.
- (vii) On the basis of Independent Auditors' reports broadly reviewed by us, we are of the opinion that, even though the Company has an adequate internal audit system commensurate with the size and nature of its business however the frequency needs to be increased.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for any of the products and services rendered of the Company. Accordingly, paragraph 4(viii) of the Order (as amended) is not applicable.
- (ix) (a) The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employee state Insurance, Income tax, sales tax, service tax and any other material statutory dues applicable to it with appropriate authorities.
- (b) In our opinion and according to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, customs duty, excise duty, cess and any other material statutory dues, as may be applicable, were in arrears, as at March 31, 2014 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, as at the end of the year, there are no dues on account of sales tax, income tax, customs duty, wealth tax, service tax, excise duty, cess and any other statutory dues as may be applicable, that have not been deposited on account of any dispute except as follows:-

Sr. No.	Name of Statute	Nature of Dues	Year	Amount Demanded (₹)	Forum where dispute is pending
1.	Income tax Act, 1961	Transfer Pricing Adjustments & disallowance u/s 43 (B)	FY 2007-08	48,482,500	ITAT Mumbai

Auditors' Report *(Contd.)*

- (x) The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses in current financial year as well as in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provision of clause 4(xii) of the Order (as amended) is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Order (as amended) are not applicable.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order (as amended) is not applicable.
- (xv) According to the information and explanations given to us, the Company has given guarantees for loans taken by its wholly owned subsidiaries from banks or financial institutions.
- (xvi) In our opinion, prima facie the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that prima facie no funds raised on short-term basis have been used for Long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraph 4(xviii) of the Order (as amended) is not applicable.
- (xix) According to the information and explanations given to us, during the year, the Company has not issued debentures. Accordingly, paragraph 4(xix) of the Order (as amended) is not applicable.
- (xx) As the Company has not raised any money by way of public issue, disclosure requirement of the end use of money raised by public issue does not apply to the Company.
- (xxi) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across any instant of fraud on or by the Company, noticed or reported during the course of our audit, nor have we been informed of such case by the Management.

For Kirtane & Pandit*Chartered Accountants**Firm Registration Number – 105215W***Parag P. Pansare***Partner**Membership Number 117309*

Mumbai, May 21, 2014

Balance sheet as at 31st March, 2014

Figures in ₹

Particulars	Notes	2014	2013
Equity and liabilities			
Shareholders' funds			
(a) Share capital	2	142,468,200	138,358,700
(b) Reserves and surplus	3	255,915,230	188,602,686
		<u>398,383,430</u>	<u>326,961,386</u>
Non-current liabilities			
(a) Long-term borrowings	4	63,683,936	85,180,325
(b) Long-term provisions	5	3,272,903	283,356
		<u>66,956,839</u>	<u>85,463,681</u>
Current liabilities			
(a) Short-term borrowings	7	119,132,534	65,987,329
(b) Trade payables	8	11,810,983	3,759,327
(c) Other current liabilities	9	143,665,364	162,836,655
(d) Short-term provisions	10	44,075,972	44,866,347
		<u>318,684,853</u>	<u>277,449,658</u>
Total		<u><u>784,025,122</u></u>	<u><u>689,874,725</u></u>
Assets			
Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		60,015,400	56,970,570
(ii) Intangible assets		45,106,340	43,596,549
(iii) Capital work in progress		1,500,863	-
(b) Non-current investments	12	284,273,515	268,073,515
(c) Deferred tax assets (net)	6	4,595,168	8,219,737
(d) Long-term loans and advances	13	11,206,539	7,253,789
(e) Other non-current assets	14	138,611,861	100,347,880
		<u>545,309,686</u>	<u>484,462,040</u>
Current assets			
(a) Trade receivables	15	138,482,028	115,500,067
(b) Cash and bank balances	16	9,176,128	4,929,667
(c) Short-term loans and advances	17	38,442,472	17,854,734
(d) Other current assets	18	52,614,808	67,128,217
		<u>238,715,436</u>	<u>205,412,685</u>
Total		<u><u>784,025,122</u></u>	<u><u>689,874,725</u></u>
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Kirtane & Pandit

Chartered Accountants

Firm Registration Number: 105215W

Parag P. Pansare

Partner

Membership No.: 117309

Place : Mumbai

Date : May 21, 2014

For and on behalf of the Board of Directors

Harish Mehta

Chairman & Managing Director

Arun Meghani

Director

Pradip Dubhashi

Director

Statement of profit and loss for the year ended 31st March, 2014

Figures in ₹

Particulars	Notes	2014	2013
I. Revenue from operations	19	738,365,278	671,692,540
II. Other income	20	8,694,420	13,572,977
III. Total revenue (I + II)		<u>747,059,698</u>	<u>685,265,517</u>
IV. Expenses:			
Cost of software products	21	30,417,021	25,447,944
Employee benefits expenses	22	419,965,929	405,228,907
Finance costs	23	22,741,352	23,398,526
Depreciation and amortization expenses	11	28,084,185	29,602,525
Other expenses	24	165,984,059	151,461,288
Total expenses		<u>667,192,546</u>	<u>635,139,190</u>
V. Profit before exceptional and extraordinary items and tax (III - IV)		79,867,152	50,126,327
VI. Exceptional items		–	2,635,961
VII. Profit before extraordinary items and tax (V - VI)		79,867,152	52,762,288
VIII. Extraordinary items		–	–
IX. Profit before tax (VII - VIII)		79,867,152	52,762,288
X. Tax expenses:			
(1) Current tax		16,007,190	10,899,350
(2) MAT credit entitlement		(2,487,800)	(6,566,454)
(3) Previous year tax adjustment		6,598,153	–
(4) Wealth tax		26,130	25,400
(5) Deferred tax		3,624,568	10,887,951
XI. Profit for the period from continuing operations (IX - X)		<u>56,098,911</u>	<u>37,516,041</u>
XII. Earnings per equity share:			
(1) Basic		3.99	2.75
(2) Diluted		3.79	2.51

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Kirtane & Pandit

Chartered Accountants

Firm Registration Number: 105215W

Parag P. Pansare

Partner

Membership No.: 117309

Place : Mumbai

Date : May 21, 2014

For and on behalf of the Board of Directors

Harish Mehta

Chairman & Managing Director

Arun Meghani

Director

Pradip Dubhashi

Director

Cash flow statement for the year ended 31st March, 2014

Figures in ₹

	2014	2013
(A) Cash flows from operating activities		
Profit before extra ordinary item and tax	79,867,152	52,762,288
Adjustments for:		
Depreciation	28,084,185	29,602,525
Deferred employees compensation expenses	11,213,633	6,718,071
Interest income	(802,742)	(134,554)
Profit on sale of investment property	–	(2,635,961)
Net loss on sale of fixed assets	2,174,488	418,377
Finance cost	21,226,657	22,426,195
Operating profit before working capital changes	141,763,373	109,156,941
Adjustments for:		
Decrease/(increase) in trade receivables	(22,981,961)	22,403,485
Decrease/(increase) in other current/non-current assets	(23,750,572)	(51,708,120)
Decrease/(increase) in loans and advances	(24,540,488)	(8,962,812)
(Decrease)/increase in current/non-current liabilities	(11,119,635)	(402,193)
(Decrease)/increase in provisions	2,199,172	14,614,624
Cash generated from operations	61,569,889	85,101,925
Income tax provided	(23,768,241)	(15,246,247)
Net cash from operating activities (A)	37,801,648	69,855,678
(B) Cash flow from investing activities		
Purchase of fixed assets and investments	(54,197,127)	(40,101,784)
Proceeds from sale of fixed assets	1,682,970	1,043,571
Interest received	802,742	134,554
Net cash used in investing activities (B)	(51,711,415)	(38,923,659)
(C) Cash flow from financing activities		
Proceeds from issue of share capital	4,109,500	3,203,500
Proceeds from sale of investments	–	3,863,500
Proceeds from long-term borrowings	101,242,823	56,109,892
Repayment of long-term borrowings	(69,594,007)	(83,827,029)
Increase in non-current assets	–	–
Decrease in deferred tax assets	3,624,569	10,887,951
Finance cost	(21,226,657)	(22,426,195)
Net cash (used)/generated in financing activities (C)	18,156,228	(32,188,381)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	4,246,461	(1,256,362)
Cash and cash equivalents opening balance	4,929,667	6,186,029
Cash and cash equivalents closing balance	9,176,128	4,929,667

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Kirtane & Pandit

Chartered Accountants

Firm Registration Number: 105215W

Parag P. Pansare

Partner

Membership No.: 117309

Place : Mumbai

Date : May 21, 2014

For and on behalf of the Board of Directors

Harish Mehta

Chairman & Managing Director

Arun Meghani

Director

Pradip Dubhashi

Director

Notes to financial statements

Note 1 – Significant accounting policies:

A. Accounting assumptions

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (“GAAP”) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). These accounts have been prepared on the assumption that the Company is a going concern and have been consistently applied by the Company; and the accounting policies not referred to otherwise, are in conformity with Indian GAAP.

B. Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The recognition, measurement, classification or disclosure of an item or information in the financial statements has been made relying on these estimates. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from those estimated. Any revision to accounting estimates is recognised prospectively in the current and future periods.

C. Revenue recognition

Revenue comprises sale of user licence of software, professional services and consultancy, training, interest and dividend. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured. Revenue is disclosed exclusive of sales tax, service tax, VAT or other taxes, as applicable.

Income from software services and products

- i) Services rendered through transfer via tele-communication network are recognised on receiving confirmation of receipt from customer.
- ii) In respect of income received from contracts dependent on time and material basis are recognised when related service are performed.
- iii) In case of fixed price contracts, revenue is recognised over the life of contract based on the miles stones achieved as agreed upon in the contract on proportionate completion basis.
- iv) Revenue through training, annual maintenance contracts and fixed price maintenance contracts are recognized proportionately over the period in which services are rendered / training is provided.
- v) Revenue from the sale of user licences for software applications is recognised on transfer of the title in the user licence.
- vi) Revenue on time and material contracts are recognised as and when the related services are rendered from the end of last billing up to the balance sheet date is recognised as unbilled revenue.
- vii) Revenue from services to overseas subsidiary companies are recognized in accordance with transfer pricing agreement entered with the subsidiary companies.

Income from investment

- i) Dividend income is recognized when the Company’s right to receive dividend is established.
- ii) Interest is recognised on time proportionate basis taking into account the amount outstanding and the rate applicable.

D. Fixed assets, depreciation and impairment

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost includes all expenditure necessary to bring the asset to its working condition for its intended use. Own developed assets are capitalized inclusive of all direct costs and attributable overheads. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use as at the balance sheet date.

Notes to financial statements (Contd.)

Intangible assets are recorded at the consideration paid for their acquisition. Cost of an internally generated asset comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to creating, producing and making the asset ready for its intended use.

Depreciation on fixed assets is computed on the straight-line method over their useful lives at rates prescribed under Schedule XIV of the Companies Act, 1956. In respect of intangible assets such as software, depreciation is provided over its license period ranging from two-six years. Individual assets acquired after financial year 2004-2005 valuing for less than ₹ 5,000 are entirely depreciated in the year of acquisition.

Lease hold improvements are depreciated over the period of contract of lease including lease period which can be further extendable at discretions of the lessee.

The management periodically assesses fixed assets, using external and internal sources whether there is an indication that an asset may be impaired. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement for items of fixed assets carried at cost. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtained from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if not possible, for the cash generating unit.

Impairment loss recognised for an asset in earlier accounting periods is reversed, to the extent of its recoverable amount, if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

E. Foreign currency transactions

Transactions in foreign currencies are normally recorded at the average exchange rate prevailing on the date on which transaction occurred.

Outstanding balances of foreign currency monetary items are reported using the period end rates.

Non-monetary items carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rate that existed, when the values were determined.

Exchange differences arising as a result of the above are recognised as income or expense in the profit and loss account except the following.

In pursuance to notification no G.S.R 225 (E) 31.03.2009 issued by the Ministry of Corporate Affairs for amending Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates", the Company has opted the option of capitalising foreign exchange gain/loss on long term foreign currency monetary assets.

Foreign branches

Foreign currency transactions entered into by branches, which are integral foreign operations, are translated in the same manner as foreign currency transactions described above. Monetary assets and liabilities are translated at rates prevailing on the balance sheet date. Non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. Depreciation on fixed assets is recognised as per the Company's policy. Net gain/loss on foreign currency translation is recognised in the statement of profit and loss.

Derivative instruments and hedge accounting:

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. Effective April 1st 2012 the Company designates some of these as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 "Financial Instruments: Recognition and Measurements"(AS 30).

Notes to financial statements (Contd.)

The use of foreign currency forward contracts is governed by the Company's policies provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy.

The counter party to the Company's foreign currency forward contracts is generally a bank.

The Company does not use derivative financial instruments for speculative purposes.

Foreign currency forward contract derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates.

Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognized directly in Hedging Reserve and the ineffective portion is recognized immediately in Profit and Loss Account.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the Profit and Loss Account as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

When hedge accounting is discontinued for a cash flow hedge, the net gain or loss will remain in reserves and be reclassified to Profit and Loss Account in the same period or periods during which the formerly hedged transaction is reported in Profit and Loss Account.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in reserves is transferred to Profit and Loss Account.

F. Investments

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current/short term or long term based on the management's intention at the time of purchase. Long term investments are carried at cost less any permanent diminution in value (if any), determined separately for each individual investment. Current/short term investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment. Cost for overseas investments comprises the Indian rupee value of the consideration paid for the investment.

G. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

H. Payments and benefits to employees

(a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, and short term compensated absences etc. and the expected cost of bonus, ex-gratia except for variable pay which is accounted on cash basis due to unavailability of estimation are recognized in the period in which the employee renders the related service.

(b) Post employment benefits

(i) Defined contribution plans: The Company's superannuation scheme, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service,

Notes to financial statements (Contd.)

- (ii) Defined benefit plans: The employees' gratuity fund schemes managed by trust are the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities as at the balance sheet date having maturity periods approximating to the terms of related obligations.

Actuarial gain and losses are recognized immediately in the statement of profit and loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis.

- (c) Long term employee benefits

The obligation for long term employee benefits such as long term compensated absences is recognized in the same manner as in the case of defined benefit plans as mentioned in (b) (ii) above.

I. Operating lease

Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals are charged off to the statement of profit and loss as incurred. Initial direct costs in respect of assets given on operating lease are expensed off in the year in which such costs are incurred.

J. Earning per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for any bonus shares issued during the year and also after the balance sheet date but before the date the financial statements are approved by the management.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

K. Tax expense

Tax expense for the year comprises of current tax and deferred tax.

Current tax is measured after taking into consideration, the deductions and exemptions admissible under the provisions of the Income Tax Act, 1961. Whereas the difference between tax assessed by the authorities and recorded earlier is accounted as previous year tax adjustment under statement of profit and loss.

Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing difference of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If there is unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which

Notes to financial statements (Contd.)

such deferred tax assets can be realised. Deferred tax resulting from timing differences which originate during the tax holiday period but are expected to reverse after such tax holiday period is recognised in the year in which the timing differences originate using the tax rates and laws enacted or substantively enacted at the balance sheet date.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay income tax higher than that computed under MAT, during the period that MAT is permitted to be set off under the Income Tax Act, 1961 (specified period). In the year, in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India (ICAI), the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay income tax higher than MAT during the specified period.

L. Employee stock option scheme

In accordance with SEBI (ESOP & ESPS) Guidelines, 1999, the excess of the market price of shares, at the date of grant of options under the employee stock option schemes, over the exercise price, is treated as employee compensation expenses and amortised on a systematic basis over the vesting period of the options.

In the case of graded vesting, the vesting period is determined separately for each portion of the option. The unamortised portion of the cost is shown under "Deferred employee compensation expenses".

M. Provisions and contingent liabilities

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources.

Notes to financial statements (Contd.)

Note 2 - Share capital

Value in ₹

Particulars	Par value per share	2014		Issued/(reductions) during the year		2013	
		No of shares	Value	No of shares	Value	No of shares	Value
Equity share capital							
Authorised:							
18,000,000 equity shares of ₹ 10 each	10	18,000,000	180,000,000	–	–	18,000,000	180,000,000
1,000,000 preference shares of ₹ 10 each	10	1,000,000	10,000,000	–	–	1,000,000	10,000,000
1,000,000 unclassified shares of ₹ 10 each	10	1,000,000	10,000,000	–	–	1,000,000	10,000,000
Total authorised capital		20,000,000	200,000,000	–	–	20,000,000	200,000,000
Issued, subscribed and paid-up:							
14,246,820 (13,835,870) equity shares of ₹ 10 each	10	14,246,820	142,468,200	410,950	4,109,500	13,835,870	138,358,700

Terms/rights attached to equity shares

Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

942,750 (1,708,650) equity shares are outstanding under ESOP 2009 scheme as at balance sheet date; each share being fully paid equity share of ₹ 10 each.

Details of share holdings

Particulars	2014			2013		
	No of shares	Value	Holding (%)	No of shares	Value	Holding (%)
Share held by holding Company:						
Onward Network Technologies Private Limited	7,773,769	77,737,690	54.56	7,420,792	74,207,920	53.63
Holding more than 5%:						
Onward Network Technologies Private Limited	7,773,769	77,737,690	54.56	7,420,792	74,207,920	53.63

Notes to financial statements (Contd.)**Note 3 - Reserve and surplus**

Figures in ₹

Particulars	2014	2013
Securities premium account:		
Balance as per last financial statements	81,769,493	76,708,683
Add: additions on employee stock option plan	8,159,944	5,060,810
Closing balance	89,929,437	81,769,493
Employee stock option plan outstanding (Refer Note - 37):		
Balance as per last financial statements	1,657,261	–
Add: gross compensation for options granted	31,976,843	37,514,995
Less: deferred employee stock compensation	(20,763,210)	(30,796,924)
Less: transferred to securities premium on exercise of stock options	(8,159,944)	(5,060,810)
Closing balance	4,710,950	1,657,261
Surplus/(deficit) at the beginning of the year:	105,175,932	67,659,891
Add: profit after tax for the year	56,098,911	37,516,041
Surplus at the end of the year	161,274,843	105,175,932
Total	255,915,230	188,602,686

Note 4 - Long-term borrowings (Refer Note - 38)

Particulars	2014			2013		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Term loans:						
Term loans from banks	58,260,984	–	58,260,984	33,693,984	–	33,693,984
Less:- Current maturities of long term borrowings	32,641,389	–	32,641,389	18,685,358	–	18,685,358
Total long-term borrowings	25,619,595	–	25,619,595	15,008,626	–	15,008,626
Inter corporate deposits from related parties:						
Onward Network Technologies Private Limited	–	27,900,348	27,900,348	–	15,827,500	15,827,500
Onward Properties Private Limited	–	10,163,993	10,163,993	–	10,194,123	10,194,123
Inter corporate deposits - others	–	–	–	–	30,000,000	30,000,000
Other loans and advances:						
Interest payable to:						
Onward Network Technologies Private Limited	–	–	–	–	13,643,651	13,643,651
Interest on inter corporate deposits - others	–	–	–	–	506,425	506,425
Total	25,619,595	38,064,341	63,683,936	15,008,626	70,171,699	85,180,325

Maturity profile of term loans from banks:

Particulars	1-2 years	2-3 years	3-4 years
Term loans from bank (principal amounts repayable)	32,641,389	15,208,245	10,411,350

Notes to financial statements (Contd.)
Note 5 - Non-current liabilities

Figures in ₹

Particulars	2014	2013
Provision for employee benefits (Refer Note - 32):		
Gratuity	215,721	137,914
Leave encashment	3,057,182	145,442
Total	3,272,903	283,356

Note 6 - Deferred tax assets/(liabilities) : Net

Particulars	2014	2013
Deferred tax liability:		
Fixed assets: impact of difference between WDV as per financial reporting and as per income tax reporting	(13,262,746)	(13,047,036)
Deferred tax assets :		
Impact of expenditure disallowed as per financial statement but allowed for tax purposes on payment basis	4,659,642	4,938,666
Impact of carried forward losses	13,198,272	16,328,107
Total	4,595,168	8,219,737

Note 7 - Short-term borrowings (Refer Note - 38)

Particulars	2014	2013
	Secured	Secured
Secured Borrowings:		
Cash credit from banks	86,491,145	47,301,971
Current maturities of term loans from banks (Refer Note - 30)	32,641,389	18,685,358
Total	119,132,534	65,987,329

Note 8 - Trade payables

Particulars	2014	2013
Trade payable for services and software:		
Due to micro, small and medium enterprises	13,950	36,844
Others	11,797,033	3,722,483
Total	11,810,983	3,759,327

Notes to financial statements (Contd.)**Note 9 - Other current liabilities**

Figures in ₹

Particulars	2014	2013
Advance from customers:		
From related parties (Refer Note - 34 (c))	67,377,526	91,824,368
Others	2,005,831	2,849,724
Deposits	40,000	—
Other liabilities:		
Dues towards employees & ex-employees	33,118,079	29,852,106
Statutory dues	14,829,700	22,795,347
Other contractual obligations	3,596,677	2,498,357
Remuneration to director (Refer Note - 34 (c))	14,134	625,349
Other payables	22,683,417	12,391,404
Total	143,665,364	162,836,655

Note 10 - Short-term provisions

Particulars	2014	2013
Provision for employee benefits (Refer Note - 32):		
Gratuity	11,169,265	12,147,819
Leave encashment	543,124	2,790,478
Others:		
Provision for tax including MAT	32,337,433	29,902,650
Wealth tax	26,150	25,400
Total	44,075,972	44,866,347

Notes to financial statements (Contd.)

Note 11 - Fixed assets

Figures in ₹

Particulars	Gross block (at cost)				Depreciation				Net block	
	As at 1.4.2013	Additions during the year	Deletions/adjustment during the year	Total as at 31.3.2014	Provided up to 31.3.2013	Depreciation for the year	Depreciation on deductions/adjustment	Total up to 31.3.2014	As at 31.3.2014	As at 31.3.2013
Tangible assets (owned):										
Furniture and fixtures	46,326,830	285,870	9,096,904	37,515,796	36,311,907	1,474,485	6,614,431	31,171,961	6,343,835	10,014,923
Vehicles	18,127,927	5,400,000	1,189,704	22,338,223	7,596,992	2,000,776	1,088,417	8,509,351	13,828,872	10,530,935
Office equipment	15,275,957	1,303,134	3,553,451	13,025,640	8,453,275	617,892	2,583,777	6,487,390	6,538,250	6,822,682
Electrical fittings	7,407,977	1,088,661	1,382,463	7,114,175	5,370,071	244,312	1,116,286	4,498,097	2,616,078	2,037,906
Instruments and accessories	859,695	–	20,210	839,485	843,931	4,287	18,889	829,329	10,156	15,764
Computers	204,658,732	10,719,540	6,507,383	208,870,889	183,810,190	6,878,528	6,484,355	184,204,363	24,666,526	20,848,542
Total	292,657,118	18,797,205	21,750,115	289,704,208	242,386,366	11,220,280	17,906,155	235,700,491	54,003,717	50,270,752
Assets under lease:										
Leasehold improvements	11,385,136	–	–	11,385,136	4,685,318	688,135	–	5,373,453	6,011,683	6,699,818
Total tangible assets	304,042,254	18,797,205	21,750,115	301,089,344	247,071,684	11,908,415	17,906,155	241,073,944	60,015,400	56,970,570
Intangible assets:										
Computer software	97,859,272	17,699,068	13,508	115,544,832	54,262,723	16,175,769	–	70,438,492	45,106,340	43,596,549
Total intangible assets	97,859,272	17,699,068	13,508	115,544,832	54,262,723	16,175,769	–	70,438,492	45,106,340	43,596,549
Capital - WIP	–	1,500,863	–	1,500,863	–	–	–	–	1,500,863	–
Grand total	401,901,526	37,997,136	21,763,623	418,135,039	301,334,407	28,084,184	17,906,155	311,512,436	106,622,603	100,567,119

Note 12 - Non-current investments

Particulars	2014	2013
Investments in equity instruments (unquoted & non-trade)		
In subsidiaries:		
Onward eServices Limited		
14,000,000 (14,000,000) equity shares of ₹ 10 per share fully paid	140,000,000	140,000,000
Share application money	16,200,000	–
Onward Technologies GmbH	19,481,763	19,481,763
Share application money	2,729,425	2,729,425
Onward Technologies, Inc.	95,169,663	95,169,663
114,000 (114,000) fully paid equity shares of US\$ 20 each		
Onward Properties Private Limited (erstwhile Shantmurli Holdings Private Limited)	10,692,664	10,692,664
5,000 (5,000) fully paid equity shares of ₹ 100 each		
Total	284,273,515	268,073,515
Aggregate cost of unquoted investments	284,273,515	268,073,515
Total	284,273,515	268,073,515

Notes to financial statements (Contd.)**Note 13 - Long-term loans and advances**

Figures in ₹

Particulars	2014	2013
	Unsecured, considered good	Unsecured, considered good
Security deposits	11,206,539	7,253,789
Total	11,206,539	7,253,789

Security deposits include earnest money deposits, rent deposits and deposits with various authorities.

Note 14 - Other non-current assets

Particulars	2014	2013
	Unsecured, considered good	Unsecured, considered good
Advance income tax	130,750,247	74,803,526
MAT credit entitlement	7,861,614	25,544,354
Total	138,611,861	100,347,880

Note 15 - Trade receivables

Particulars	2014	2013
Unsecured:		
Debts outstanding for a period exceeding six months:		
Considered good	22,389,223	12,558,346
Other debts:		
Considered good	116,092,805	102,941,721
Total	138,482,028	115,500,067

Note 16 - Cash and bank balances

Particulars	2014	2013
A) Cash and cash equivalents:		
Balance with banks	4,574,796	3,998,974
Cheques on hand & remittance in transit	3,585,480	9,671
Cash on hand	53,579	22,645
	8,213,855	4,031,290
B) Others:		
Margin money deposits for bank guarantees	962,273	898,377
Total	9,176,128	4,929,667

Notes to financial statements (Contd.)

Note 17 - Short-term loans and advances

Figures in ₹

Particulars	2014	2013
	Unsecured, considered good	Unsecured, considered good
Prepayments	5,676,856	5,068,984
Advances paid to employees	1,816,449	1,007,321
Receivables from ex-employees	8,859,544	9,364,513
Advances paid to suppliers	395,828	272,591
Capital advances	19,721,595	85,075
Forward contracts (Refer Note 1- E & 27)	1,971,000	2,056,250
Loans and advances to related parties: (Refer Note - 34 (b))		
Onward Software Technologies Private Limited	1,200	–
Total	38,442,472	17,854,734

Note 18 - Other current assets

Particulars	2014	2013
	Unsecured, considered good	Unsecured, considered good
Interest accrued on bank guarantee margins	8,366	2,621
Advance income tax	32,269,195	49,838,464
Unbilled revenue	20,337,247	17,287,132
Total	52,614,808	67,128,217

Notes to financial statements (Contd.)**Note 19 - Revenue from operations**

Figures in ₹

Particulars	2014	2013
Income from software services & products:		
Offshore services	438,388,297	442,488,559
Onsite services	240,883,192	184,402,959
Software products	59,093,789	44,801,022
Total	738,365,278	671,692,540

Note 20 - Other income

Particulars	2014	2013
Interest income	802,742	134,554
Profit on sale of fixed assets	331,467	66,338
Scrap sale	181,030	4,444
Discount received from suppliers	1,157,273	–
Sundry provision and credit balance written back	821,076	945,876
Other non-operating income	5,400,832	12,421,765
Total	8,694,420	13,572,977

Note 21 - Cost of software products

Particulars	2014		2013	
	Value	%	Value	%
Software products and others:				
Imported	25,468,723	84	22,359,157	88
Indigenous	4,948,298	16	3,088,787	12
Total	30,417,021	100	25,447,944	100

Note 22 - Employee benefits expenses

Particulars	2014	2013
Salaries and wages	389,181,909	371,418,661
Contribution to provident and other funds	18,887,164	25,319,428
Staff welfare	683,221	1,772,747
Expenses on employee stock option plan (ESOP) (Refer Note - 37 (b))	11,213,635	6,718,071
Total	419,965,929	405,228,907

Note 23 - Finance costs

Particulars	2014	2013
Interest cost	21,226,657	22,426,195
Other finance costs	1,514,695	972,331
Total	22,741,352	23,398,526

Notes to financial statements (Contd.)

Note 24 - Other expenses

Figures in ₹

Particulars	2014	2013
Power and fuel	8,486,633	9,872,092
Rent	21,706,145	25,063,050
Repairs to premises	3,175,088	3,024,433
Repairs to others	3,726,769	4,286,352
Insurance	1,865,708	2,933,078
Travelling and conveyance	32,355,573	27,732,770
Communication cost	4,829,964	5,175,358
Bad debts	7,130,166	1,113,067
Rates and taxes	3,829,001	1,983,338
Advertisement and sales promotion	12,456,961	12,436,657
Legal, professional and technical services	18,764,540	15,156,181
Director sitting fees	645,000	700,000
Net loss on foreign currency transaction and translation	14,531,993	5,293,970
Payments to the auditor:		
(a) as auditors	500,000	447,500
(b) for other services	187,045	113,300
(c) for reimbursement of expenses	9,072	18,481
Office expenses	2,414,701	3,837,504
Loss on sale of fixed assets	2,174,488	484,715
Fixed assets discarded	1,080,906	790,161
Leasing and hiring charges	15,409,794	17,803,685
Prior period items	1,122,302	230,961
Sundry balances written off	247,659	—
Miscellaneous expenses	9,334,551	12,964,635
Total	165,984,059	151,461,288

Notes to financial statements (Contd.)

25. In the opinion of the management and to the best of their knowledge, the current assets, loans and advances, shown in the balance sheet have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated therein.
26. Trade receivables and trade payables are subject to confirmation and reconciliation.
27. **Other commitments:**

Derivatives instrument	Amount outstanding as on March 31		Purpose
	2014	2013	
Forward contract	\$1,804,849	\$2,325,000	Forward Contract against USD receivable

28. Contingent liabilities not provided for:

Particular	Year ended March 31 (₹)	
	2014	2013
Counter guarantees given by the Company against the bank guarantees issued by Company's bankers	153,308	725,525
Fixed deposits shown under the head cash and bank balances include deposits pledged with the banks as margins to secure letters of credit and guarantees issued by banks	153,308	612,124
Net amount	–	113,401
Corporate guarantees given by the Company for the loans taken by subsidiaries	129,629,611	111,105,272
Disputed income tax demand	48,482,500	48,482,500
Disputed sales tax demand	–	698,463
Capital commitments (net of advance)	4,280,600	864,934
Total	182,392,711	161,264,570

29. (A) Earnings in foreign currency:

Particular	Year ended March 31 (₹)	
	2014	2013
Product sale	26,267,024	8,441,557
Software exports including consulting services & commissions	300,101,413	214,108,600
Total	326,368,437	222,550,157

(B) Expenditure in foreign currency:

Particular	Year ended March 31 (₹)	
	2014	2013
Travelling	18,241,184	8,544,644
Professional fees	5,654,025	354,701
Communication	50,661	45,450
Salaries and bonus	25,350,492	21,026,228
Miscellaneous expenditure	998,224	872,024
Compensation premises	598,911	543,507
Marketing fees and technical support	10,677,284	10,620,952
Conveyance	402,708	1,320,449
Finance costs	223,574	107,839
Total	62,197,063	43,435,794

Notes to financial statements (Contd.)

(C) Value of import basis:

Particular	Year ended March 31 (₹)	
	2014	2013
Software	25,468,723	22,359,157

30. a) The principal amount of working capital term loan repayable within a year is ₹ 2,974,446 (₹ 1,858,397).
 b) The principal amount of term loan repayable within a year is ₹ 29,666,942 (₹ 16,826,961).

31. Derivative instruments and un-hedged foreign currency:

Particular of un-hedged foreign currency exposure as on balance sheet date:

As on 31 st March	Foreign currency receivable		
	USD	GBP	EURO
2013	–	63,445	344,970
2014	–	165,449	339,114

Particular of un-hedged foreign currency exposure as on balance sheet date:

As on 31 st March	Foreign currency payable	
	USD	GBP
2013	126,499	134
2014	317,164	27,115

32. Disclosure in pursuance of Accounting Standard – 15 (revised 2005) on “Employee Benefits”

a) Defined contribution plans

The Company has recognized following amounts in the statement of profit and loss for the year:

Particular	Year ended March 31 (₹)	
	2014	2013
Contribution to employees provident fund	18,062,555	20,065,955
Contribution to E.S.I.C fund	64,360	91,396
Contribution to labour welfare fund	45,900	45,396
Total	18,172,815	20,202,747

b) Defined benefit plans / compensated absences – as per actuarial valuation on March 31, 2014.

- i. Reconciliation of opening and closing balances of the present value of the defined benefit obligation (DBO):

Sr. #	Particulars	Gratuity (₹)	
		2014	2013
1	Obligations at period beginning	12,423,647	8,670,585
2	Current service cost	2,690,940	3,617,073
3	Interest cost	966,145	678,114
4	Actuarial (gain) / losses	(3,540,459)	843,423
5	Benefits paid	(1,566,691)	(1,385,548)
6	Past service cost (vested benefit)	–	–
7	DBO at period closing	10,973,582	12,423,647

Notes to financial statements (Contd.)

- ii. A reconciliation of the opening and closing balances of the fair value of plan assets:

Sr. #	Particulars	Gratuity (₹)	
		2014	2013
1	Opening fair value of plan asset at period beginning	137,914	251,533
2	Expected returns on plan assets	12,973	14,701
3	Actuarial gain / (losses)	16,329	7,228
4	Contribution by the employer	1,615,196	1,250,000
5	Benefits paid	(1,566,691)	(1,385,548)
6	Fair value of plan assets at period closing	215,721	137,914

- iii. Net assets / (liabilities) recognized in the balance sheet as on March 31, 2014:

Sr. #	Particulars	Gratuity (₹)	
		2014	2013
1	Present value of funded obligations	10,973,582	12,423,647
2	Fair value of plan assets	(215,721)	(137,914)
3	Present value of unfunded obligations	(10,757,861)	(12,285,733)
4	Net assets / (liabilities) recognized in the balance sheet	(10,757,861)	(12,285,733)

- iv. Total expenses recognized in the statement of profit and loss:

Sr. #	Particulars	Gratuity (₹)	
		2014	2013
1	Current service cost	2,690,940	3,617,073
2	Interest on defined benefit obligation	966,145	678,114
3	Expected returns on plan assets	(12,973)	(14,701)
4	Actuarial (gains) / losses	(3,556,788)	836,195
5	Past service cost (vested benefit)	–	–
	Total	87,324	5,116,681

All the above have been included under the line item remuneration and benefits to employees in Note - 22 of the Notes to Financial Statements.

- v. Major categories of plan assets as a percentage of total plan assets:

Sr. #	Particulars	Plan asset - %	Plan asset (₹)	
			2014	2013
1	Other / insurer managed funds	100	(215,721)	(137,914)

- vi. Compensated leave:

Para 132 of Accounting Standard 15 (revised 2005) does not require any specific disclosures except where expense resulting from compensated absence is of such size, nature or incidence that its disclosure is relevant under Accounting Standard # 5 or Accounting Standard # 18. In the opinion of the management the expense resulting from compensated absence is not significant and hence no disclosures are prepared under various paragraphs of Accounting Standard 15 (revised 2005).

- vii. Experience adjustments:

Particulars	Year ended March 31 (₹)		
	2014	2013	2012
Defined benefit obligation	10,973,582	12,423,647	8,670,585
Plan assets	215,721	137,914	251,533
Surplus / (deficit)	(10,757,861)	(12,285,733)	(8,419,052)
Exp. adj. on plan liabilities (loss)/gain	2,186,419	742,152	(754,805)
Exp. adj. on plan assets (loss)/gain	16,329	7,228	(7,273)

Notes to financial statements (Contd.)

viii. Actuarial assumptions:

Sr. #	Particulars	Year ended March 31	
		2014	2013
1	Discount rate	9.20%	8.30%
2	Expected return on plan asset	8.00%	8.00%
3	Retirement age	58 years	58 years
4	Salary escalation rate	5.00%	5.00%
5	Attrition rate	2.00%	2.00%

ix. Gratuity is administered through group gratuity scheme with Life Insurance Corporation of India.

x. Salary escalation rate:

Future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

xi. Expected rate of return on plan assets:

This is based on actuaries' expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

xii. Discount rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

33. Information about business segments

As permitted by paragraph 4 of Accounting Standard-17 (AS - 17), 'Segment Reporting', if a single financial report contains both consolidated financial statements and the separate financial statements of the parent, segment information need be presented only on the basis of the consolidated financial statements. Thus, disclosures required by AS - 17 are given in consolidated financial statements.

34. Related party disclosures

(a) List of related parties and relationships:

	Relation	Parties
A.	Holding Company	Onward Network Technologies Private Limited
B.	Subsidiary Companies	Onward Technologies GmbH, Germany Onward Properties Private Limited (erstwhile Shantmurli Holdings Private Limited) Onward Technologies, Inc., USA Onward eServices Limited
C.	Enterprise over which key management personnel exercise significant influence	Desai Finwealth Investments & Securities Private Limited Onward Software Technologies Private Limited
D.	Key management personnel and relatives Chairman & Managing Director Director Chief operating officer and Related to Directors Related to Directors	Harish Mehta Shaila Mehta* Jigar Mehta Arun Meghani

*Mrs. Shaila Mehta passed away on 20.2.2014.

Notes to financial statements (Contd.)**(b) Related party transactions:**

Figures in ₹

Aggregate of transactions	Holding Company	Total
	Onward Network Technologies Private Limited	
Unsecured loans	34,400,000 (8,950,000)	34,400,000 (8,950,000)
Repayment of unsecured loans	22,327,152 (67,800,023)	22,327,152 (67,800,023)
Interest paid during the year	3,554,391 (7,079,702)	3,554,391 (7,079,702)
Reimbursement of expenses	48,086 (456,652)	48,086 (456,652)
Rent	9,000,000 (9,000,000)	9,000,000 (9,000,000)

Aggregate of transactions	Subsidiary Companies				Total
	Onward Technologies, Inc., USA	Onward Technologies GmbH, Germany	Onward eServices Limited	Onward Properties Private Limited **	
Offshore services	155,275,165 (119,972,055)	47,627,836 (15,932,517)	- (-)	- (-)	202,903,001 (135,904,572)
Income from recruitment fees	12,429,664 (-)	- (-)	- (-)	- (-)	12,429,664 (-)
Income from management fees	10,756,440 (-)	- (-)	- (-)	- (-)	10,756,440 (-)
Reimbursement of expenses received on behalf of	1,242,644 (1,276,891)	378,192 (995,214)	32,600 (-)	500 (3,500)	1,621,336 (2,275,605)
Reimbursement of expenses paid on behalf of	4,870,715 (1,863,478)	- (-)	- (-)	30,630 (-)	4,901,345 (1,863,478)
Marketing fees expenses	10,677,284 (10,620,952)	- (-)	- (-)	- (-)	10,677,284 (10,620,952)
Investment in equity shares	- (-)	- (9,033,495)	- (10,100,000)	- (-)	- (19,133,495)
Investment in equity shares pending for allotment	- (-)	- (-)	16,200,000 (-)	- (-)	16,200,000 (-)

Notes to financial statements (Contd.)

Figures in ₹

Aggregate of transactions	Key management personnel		Relatives of key management personnel		Total
	Harish Mehta	Shaila Mehta	Jigar Mehta	Arun Meghani	
Directors sitting charges	– (–)	50,000 (100,000)	– (–)	105,000 (110,000)	155,000 (210,000)
Salary and allowance*	8,357,004 (8,094,980)	– (–)	5,570,556 (4,341,636)	– (–)	13,927,560 (12,436,616)
Other Income#	– (–)	– (–)	1,831,000 (–)	– (–)	1,831,000 (–)

* During the financial year 2011-12, Company has received Central Government's approval for ₹ 8,400,000 per annum towards remuneration payable to Mr. Harish Mehta for the period of 3 years effective from April 1, 2011 to March 31, 2014. Salary and allowances amounting to ₹ Nil (₹ 8,094,980) include rent free accommodation.

** Erstwhile Shantmurli Holdings Private Limited.

Recovery of excess salary paid to Mr. Jigar Mehta ₹ 1,831,000 vide MCA letter received during the year for the period 1.4.2009 to 31.3.2010 is received from him during the year.

Aggregate of transactions	Enterprise over which key management personnel exercise significant influence		Total
	Desai Finwealth Investments & Securities Private Limited	Onward Software Technologies Private Limited	
Repayment of unsecured loans	– (1,902,759)	– (–)	– (1,902,759)
Advance towards expenses	– (–)	1,200 (–)	1,200 (–)

(c) Balance outstanding at end of financial year:

Aggregate of transactions	Holding Company		Total
	Onward Network Technologies Private Limited		
Credit balances outstanding			
Payable towards reimbursement of expenses	– (209,175)	– (209,175)	– (209,175)
Unsecured loan	27,900,348 (15,827,500)	27,900,348 (15,827,500)	27,900,348 (15,827,500)

Aggregate of transactions	Subsidiary Companies				Total
	Onward Technologies, Inc., USA	Onward Technologies GmbH, Germany	Onward eServices Limited	Onward Properties Private Limited **	
Debit balances outstanding					
Trade receivables	– (–)	21,622,108 (16,883,397)	– (–)	– (–)	21,622,108 (16,883,397)
Investment in equity shares	95,169,663 (95,169,663)	19,481,763 (19,481,763)	140,000,000 (140,000,000)	10,692,664 (10,692,664)	265,344,089 (265,344,089)
Investment in equity shares pending for allotment	– (–)	2,279,425 (2,729,425)	16,200,000 (–)	– (–)	18,479,425 (2,729,425)

Notes to financial statements (Contd.)

Aggregate of transactions	Subsidiary Companies				Total
	Onward Technologies, Inc., USA	Onward Technologies GmbH, Germany	Onward eServices Limited	Onward Properties Private Limited **	
Credit balances outstanding					
Unsecured loan	– (–)	– (–)	– (–)	10,163,993 (10,194,123)	10,163,993 (10,194,123)
Credit balance in trade receivables	67,377,526 (91,824,368)	– (–)	– (–)	– (–)	67,377,526 (91,824,368)
Trade payables	15,504,475 (–)	– (–)	– (–)	– (–)	15,504,475 (–)

** Erstwhile Shantmurli Holdings Private Limited

Aggregate of transactions	Key management personnel		Relatives of key management personnel	Total
	Harish Mehta	Shaila Mehta	Jigar Mehta	
Credit balances outstanding				
Salary and allowances	14,134 (625,349)	– (–)	9,758 (183,766)	23,892 (809,115)

Figures in ₹

Aggregate of transactions	Enterprise over which key management personnel exercise significant influence		Total
	Desai Finwealth Investments & Securities Private Limited	Onward Software Technologies Private Limited	
Debit balances outstanding			
Loans and advances	– (–)	1,200 (–)	1,200 (–)

35. a) Disclosure for income from operating lease:

The Company has leased office premise under operating lease. The lease charges to be received in future are as follows:

Particular	Year ended March 31 (₹)	
	2014	2013
Lease payment credited to statement of profit and loss	–	467,608

b) Disclosure for operating leases:

The Company has leased certain flats / office premises under operating leases. The lease payments for lock in period to be made in respect of the leases in future are as follows:

Particular	Year ended March 31 (₹)	
	2014	2013
Lease payment debited to statement of profit and loss	21,706,145	25,063,050
Lease obligation		
Up to 1 year	12,893,460	16,730,344
Greater than 1 year but less than 5 years	8,320,095	3,320,250

Notes to financial statements (Contd.)

36. Earnings per share

The earnings per share have been computed in accordance with the "Accounting Standard 20 - Earnings per Share".

Particular	Year ended March 31	
	2014	2013
Profit / (loss) after tax	₹ 56,098,911	₹ 37,516,041
Profit / (loss) attributable to equity shareholders	₹ 56,098,911	₹ 37,516,041
Adjusted number of ordinary shares (Nos.), (face value ₹ 10)	13,859,126	13,629,214
Basic earning per share	₹ 3.99	₹ 2.75
Weighted average number of shares in calculating diluted EPS	14,601,291	14,920,101
Diluted earning per share	₹ 3.79	₹ 2.51
Shares outstanding under employee stock option plan	942,750	17,08,650
Fair value of shares during the year	₹ 47.00	₹ 40.90
Exercise price for share under option	₹ 10	₹ 10
Number of shares that would have been issued at fair value (Nos.)	200,585	417,763
Weighted average no of share under employee stock option plan	742,165	1,290,887

37. a) Onward Technologies employee stock option plan 2009

The Company instituted the 2009 plan for all eligible employees in pursuance of a special resolution approved by the shareholders at the extraordinary general meeting held on August 31, 2009. Scheme covers grant of options to specified permanent employees of the Company as well as its subsidiaries.

Pursuant to scheme, the Company has granted options each to eligible employees at an exercise price of ₹ 10 per equity share of ₹ 10 each.

Under the term of scheme, the vesting period shall commence on the expiry of one year from the date of grant of the options to the employees and it will be spread equally over 4 years. And 25% of the options will vest in the employees at the end of first year, 25% at the end of second year, 25% at the end of third year and balance 25% at the end of fourth year from the grant date.

The employee stock options granted shall be capable of being exercised within a period of one year from the date of vesting the options, they would be exercisable by the option holder and the shares arising on exercise of such options shall not be subject to any lock-in period. Further, in the case of termination of employment, all non-vested options would stand cancelled. Options that have vested but have not been exercised can be exercised within the time prescribed as mentioned above, failing which they would stand cancelled. The movement in the stock options during the year was as per the table given below:

Particular	Year ended March 31	
	2014	2013
Options outstanding at the beginning of the year	365,300	359,737
Options granted during the year	32,000	178,250
Options forfeited / cancelled during the year	49,850	83,875
Options lapsed during the year	9,025	8,725
Options exercised during the year	102,738	80,088
Options outstanding at the end of the year	235,688	365,300
Shares exercisable at the end of the year	942,750	1,461,200

Notes to financial statements (Contd.)

- b) Stock options issued during the year have been accounted as per the accounting guidelines issued by SEBI in the year 1999. Accordingly, an amount of ₹ 11,213,635 (₹ 6,718,071) representing the current year charge has been debited to statement of profit and loss during the year under both plan.
38. a) Term loans including working capital term loans sanctioned by Kotak Mahindra Bank Limited are secured by exclusive charge on all existing and future current assets and movable fixed assets of the Company and personal guarantee of Mr. Harish Mehta & Mr. Jigar Mehta along with Corporate Guarantee of Onward Network Technologies Private Limited. Further secured by extension of equitable mortgage over the properties situated at Sterling Centre, Worli, Mumbai and E-Space, Nagar Road, Pune (both the properties are owned by Onward Network Technologies Private Limited). Term loans taken during the financial year 2012-13 & 2013-14 carries floating interest rate of 12% to 14.50% p.a.
- b) Term loans obtained from Kotak Mahindra Prime Limited for purchase of vehicles are secured by hypothecation of vehicles and repayable in equal monthly instalments.
- c) Loans from Onward Network Technologies Private Limited for which the Company has unconditional right to defer the repayment along with interest carry interest rate of 12.25% p.a. & other ICD @ 12% p.a.
- d) Loan from Onward Properties Private Limited (erstwhile Shantmurli Holdings Private Limited) is interest free and the Company has unconditional right to defer the repayment along with interest.
39. The Company has not yet appointed a full time Company Secretary; however, all compliances are done by an independent Company Secretary firm.
40. Based on the current experience, the Company has decided to recognise the bond money receivable from ex-employees on receipt basis. As at 31st March, 2014 bond money receivable from resigned employees amounts to ₹ 8,859,544 pertaining to the previous years and recognised on accrual basis. The management is confident of recovering the said amount in the ordinary course of business.
41. All assets and liabilities have been classified as current or non-current as per the operating cycle criteria set out in the Revised Schedule VI. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.
42. Figures are rounded off to the nearest rupee and figures in bracket pertain to the previous year.

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Kirtane & Pandit

Chartered Accountants

Firm Registration Number: 105215W

Parag P. Pansare

Partner

Membership No.: 117309

Place : Mumbai

Date : May 21, 2014

For and on behalf of the Board of Directors

Harish Mehta

Chairman & Managing Director

Arun Meghani

Director

Pradip Dubhashi

Director

Auditors' report on consolidated financial statements

To,

The Board of Directors

Onward Technologies Limited

We have audited the attached Consolidated Balance Sheet of ONWARD TECHNOLOGIES LIMITED ("the Company") and its subsidiaries (together referred to as "the group"), as described in the schedule as at March 31, 2014 the Consolidated Statement of Profit and Loss for the year ended annexed thereto and the Consolidated Cash Flow Statement for the year ended on that date, and summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

We did not audit the financial statements of Onward Technologies Inc, USA and Onward Technologies GmbH, Germany, whose financial statements reflect total assets of ₹ 285,412,923 as at March 31, 2014 and total revenues of ₹ 724,587,301 for the year then ended. In case of German subsidiary viz. Onward Technologies GmbH and the financial statements of United States of America subsidiary viz. Onward Technologies Inc. have been audited by other independent auditor whose report have been furnished to us for the purpose of consolidation and our opinion is based solely on the report of such independent auditors of foreign subsidiaries.

Auditors' report on consolidated financial statements *(Contd.)*

Based on our audit and on consideration of the report of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us and read together with the Significant Accounting Policies and other Notes to Financial Statements we are of the opinion that the consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India :

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries as at March 31, 2014;
- (b) in the case of Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For Kirtane & Pandit

Chartered Accountants

(Firm Registration Number: 105215W)

Parag Pansare

Partner

Membership No: 117309

Mumbai, May 21, 2014

Consolidated balance sheet as at 31st March, 2014

Figures in ₹

Particulars	Notes	2014	2013
Equity and liabilities			
Shareholders' funds			
(a) Share capital	2	142,468,200	138,358,700
(b) Reserves and surplus	3	120,869,774	94,670,637
		<u>263,337,974</u>	<u>233,029,337</u>
Non-current liabilities			
(a) Long-term borrowings	4	124,984,193	176,309,494
(b) Long-term provisions	6	3,272,903	283,356
		<u>128,257,096</u>	<u>176,592,850</u>
Current liabilities			
(a) Short-term borrowings	7	242,929,261	177,664,445
(b) Trade payables	8	52,626,773	46,843,769
(c) Other current liabilities	9	122,950,016	113,489,506
(d) Short-term provisions	10	48,306,542	48,549,595
		<u>466,812,592</u>	<u>386,547,315</u>
Total		<u>858,407,662</u>	<u>796,169,502</u>
Assets			
Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		75,420,650	67,445,352
(ii) Intangible assets		46,238,062	48,295,561
(iii) Capital work in progress		1,500,863	–
(b) Deferred tax assets (net)	5	1,494,245	6,694,916
(c) Long-term loans and advances	12	18,287,089	12,346,420
(d) Other non-current assets	13	181,676,941	126,913,503
		<u>324,617,850</u>	<u>261,695,752</u>
Current assets			
(a) Trade receivables	14	391,833,206	362,318,961
(b) Cash and bank balances	15	18,305,967	24,624,828
(c) Short-term loans and advances	16	58,228,784	33,933,030
(d) Other current assets	17	65,421,855	113,596,931
		<u>533,789,812</u>	<u>534,473,750</u>
Total		<u>858,407,662</u>	<u>796,169,502</u>
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Kirtane & Pandit

Chartered Accountants

Firm Registration Number: 105215W

For and on behalf of the Board of Directors

Parag P. Pansare

Partner

Membership No.: 117309

Harish Mehta

Chairman & Managing Director

Arun Meghani

Director

Pradip Dubhashi

Director

Place : Mumbai

Date : May 21, 2014

Consolidated statement of profit and loss for the year ended 31st March, 2014

Figures in ₹

Particulars	Notes	2014	2013
I. Revenue from operations	18	1,669,559,056	1,460,371,709
II. Other income	19	11,975,420	15,086,619
III. Total revenue (I + II)		<u>1,681,534,476</u>	<u>1,475,458,328</u>
IV. Expenses:			
Cost of software products	20	35,462,314	26,531,194
Employee benefits expenses	21	1,256,150,544	1,060,701,457
Finance costs	22	34,125,866	33,852,996
Depreciation and amortization expenses	11	35,454,618	40,559,842
Other expenses	23	292,383,996	238,365,286
Total expenses		<u>1,653,577,338</u>	<u>1,400,010,775</u>
V. Profit before exceptional and extraordinary items and tax (III - IV)		27,957,138	75,447,553
VI. Exceptional items		-	2,635,961
VII. Profit before extraordinary items and tax (V - VI)		27,957,138	78,083,514
VIII. Extraordinary items		-	-
IX. Profit before tax (VII - VIII)		27,957,138	78,083,514
X. Tax expenses:			
(1) Current tax		18,043,361	15,880,116
(2) MAT credit entitlement		(2,487,800)	(6,566,454)
(3) Previous year tax adjustment		6,598,153	-
(4) Wealth tax		26,130	25,400
(5) Deferred tax		5,024,598	15,420,561
XI. Profit for the period from continuing operations (IX - X)		<u>752,696</u>	<u>53,323,891</u>
XII. Earnings per equity share:			
(1) Basic		0.05	3.91
(2) Diluted		0.05	3.57

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Kirtane & Pandit

Chartered Accountants

Firm Registration Number: 105215W

For and on behalf of the Board of Directors

Parag P. Pansare

Partner

Membership No.: 117309

Place : Mumbai

Date : May 21, 2014

Harish Mehta

Chairman & Managing Director

Arun Meghani

Director

Pradip Dubhashi

Director

Consolidated cash flow statement for the year ended 31st March, 2014

	Figures in ₹	
	2014	2013
(A) Cash flows from operating activities		
Profit before extra ordinary item and tax	27,957,138	75,422,153
Adjustments for:		
Depreciation	35,454,618	40,559,842
Deferred employees compensation expenses	11,213,635	6,718,071
Interest income	(971,361)	(368,534)
Profit on sale of investment property	-	(2,635,961)
Net loss on sale of fixed assets	2,174,488	484,715
Finance cost	34,125,866	33,852,996
Operating profit before working capital changes	109,954,384	154,033,282
Adjustments for:		
Decrease/(increase) in trade receivables	(29,514,245)	(40,092,093)
Decrease/(increase) in other current/non-current assets	(6,588,362)	(62,685,406)
Decrease/(increase) in long-term/short-term loans and advances	(30,236,423)	(12,241,776)
(Decrease)/increase in current/non-current liabilities	15,243,514	(13,760,957)
(Decrease)/increase in long-term/short-term provisions	2,746,494	15,140,643
Cash generated from operations	61,605,362	40,393,693
Income tax provided	(27,204,442)	(24,734,223)
Net cash from operating activities (A)	34,400,920	15,659,470
(B) Cash flow from investing activities		
Purchase of fixed assets and investments	(46,665,371)	(24,856,271)
Proceeds from sale of fixed assets	1,617,601	977,233
Interest received	971,361	368,534
Net cash used in investing activities (B)	(44,076,408)	(23,510,504)
(C) Cash flow from financing activities		
Proceeds from issue of share capital	4,109,500	3,203,500
Proceeds from sale of investments	-	3,863,500
Proceeds from long-term borrowings	115,589,196	66,744,124
Repayment of long-term borrowings	(101,649,681)	(29,711,262)
Decrease in deferred tax assets	5,200,671	15,420,561
Finance cost	(34,125,866)	(33,852,996)
Net cash (used)/generated in financing activities (C)	(10,876,180)	25,667,427
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(20,551,669)	17,816,393
Cash and cash equivalents opening balance	24,624,828	17,089,898
Changes in foreign currency translation adjustments	14,232,808	(10,281,463)
Cash and cash equivalents closing balance	18,305,967	24,624,828

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Kirtane & Pandit

Chartered Accountants

Firm Registration Number: 105215W

For and on behalf of the Board of Directors

Parag P. Pansare

Partner

Membership No.: 117309

Harish Mehta

Chairman & Managing Director

Arun Meghani

Director

Pradip Dubhashi

Director

Place : Mumbai

Date : May 21, 2014

Notes to consolidated financial statements

Note 1 - Significant accounting policies

A. Accounting assumptions

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). These accounts have been prepared on the assumption that the Company is a going concern and have been consistently applied by the Company; and the accounting policies not referred to otherwise, are in conformity with Indian GAAP.

B. Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The recognition, measurement, classification or disclosure of an item or information in the financial statements has been made relying on these estimates. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimated. Any revision to accounting estimates is recognised prospectively in the current and future periods.

C. Fixed assets, depreciation and impairment

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost includes all expenditure necessary to bring the asset to its working condition for its intended use. Own developed assets are capitalized inclusive of all direct costs and attributable overheads. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use as at the balance sheet date.

Intangible assets are recorded at the consideration paid for their acquisition. Cost of an internally generated asset comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to creating, producing and making the asset ready for its intended use.

Depreciation on fixed assets is computed on the straight-line method over their useful lives at rates prescribed under Schedule XIV of the Companies Act, 1956. Individual assets acquired after financial year 2004-2005 valuing for less than ₹ 5,000 are entirely depreciated in the year of acquisition.

Depreciation on fixed asset in respect of US subsidiary is provided on straight-line basis over the useful life as under:

Asset	Useful life
Office equipment	5 years
Furniture and fixtures	7 years
Computer hardware	5 years
Computer software	3 years

Lease hold improvements are depreciated over the period of contract of lease including lease period which can be further extendable at discretions of the lessee.

The costs of intangible assets are amortized over a period of 6 years, which is considered to be the useful life of this software.

The management periodically assesses fixed assets, using external and internal sources whether there is an indication that an asset may be impaired. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement for items of fixed assets carried at cost. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtained from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if not possible, for the cash generating unit.

Notes to consolidated financial statements (Contd.)

Impairment loss recognised for an asset in earlier accounting periods is reversed, to the extent of its recoverable amount, if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

D. Foreign currency transactions

Transactions in foreign currencies are normally recorded at the average exchange rate prevailing on the date on which transaction occurred.

Outstanding balances of foreign currency monetary items are reported using the period end rates.

Non-monetary items carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rate that existed, when the values were determined.

Exchange differences arising as a result of the above are recognised as income or expense in the statement of profit and loss.

In pursuance to notification no G.S.R 225 (E) 31.03.2009 issued by the Ministry of Corporate Affairs for amending Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates", the Company has opted the option of capitalising foreign exchange gain/loss on long term foreign currency monetary assets.

Foreign operations

Foreign currency transactions entered into by branches, which are integral foreign operations, are translated in the same manner as foreign currency transactions described above. Monetary assets and liabilities are translated at rates prevailing on the balance sheet date. Non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. Depreciation on fixed assets is recognised as per the Company's policy. Net gain/loss on foreign currency translation is recognised in the statement of profit and loss.

Derivative

The Company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The use of these foreign exchange forward contracts reduces the risk or cost to the Company and the Company does not use the foreign exchange forward contracts or options for trading or speculation purposes.

In case of forward contracts, the difference between the forward rate and the exchange rate, being the premium or discount, at the inception of a forward exchange contract is recognized as income or expense over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the reporting period in which the rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the period.

E. Investments

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current/short term or long term based on the management's intention at the time of purchase. Long term investments are carried at cost less any permanent diminution in value (if any), determined separately for each individual investment. Current/short term investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment. Cost for overseas investments comprises the Indian rupee value of the consideration paid for the investment.

F. Payments and benefits to employees

(a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, and short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

Notes to consolidated financial statements (Contd.)

(b) Post employment benefits

- (i) Defined contribution plans: The Company's superannuation scheme, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service,
- (ii) Defined benefit plans: The employees' gratuity fund schemes managed by trust are the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date having maturity periods approximating to the terms of related obligations.

Actuarial gain and losses are recognized immediately in the statement of profit and loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis.

(c) Long term employee benefits

The obligation for long term employee benefits such as long term compensated absences is recognized in the same manner as in the case of defined benefit plans as mentioned in (b) (ii) above.

G. Revenue recognition

Revenue comprises sale of user licence of software, professional services and consultancy, training, interest and dividend. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured. Revenue is disclosed exclusive of sales tax, service tax, VAT or other taxes, as applicable.

Income from software services and products

- i) Services rendered through transfer via tele-communication network are recognised on receiving confirmation of receipt from customer.
- ii) In respect of income received from contracts dependent on time and material basis are recognised when related service are performed.
- iii) In case of fixed price contracts, revenue is recognised over the life of contract based on the miles stones achieved as agreed upon in the contract on proportionate completion basis.
- iv) Revenue through training, annual maintenance contracts and fixed price maintenance contracts are recognized proportionately over the period in which services are rendered/training is provided.
- v) Revenue from the sale of user licences for software applications is recognised on transfer of the title in the user licence.
- vi) Revenue on time and material contracts are recognised as and when the related services are rendered from the end of last billing up to the balance sheet date is recognised as unbilled revenue.

Income from operating lease

Minimum lease payments as per contracts are recognised as revenue on a straight-line basis over the lease term.

Notes to consolidated financial statements (Contd.)

Income from investment

- i) Dividend income is recognized when the Company's right to receive dividend is established.
- ii) Interest is recognised on time proportionate basis taking into account the amount outstanding and the rate applicable.

H. Miscellaneous expenditure

Miscellaneous expenditure, if any represents expenditure on private placement of shares. The expenditure on private placement of shares is being written off over a period of ten years.

I. Principles of consolidation

The consolidated financial statements of the group are prepared in accordance with Accounting Standard 21 - 'Consolidated Financial Statements' as notified in Companies (Accounting Standard) Rules 2006.

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions. The unrealized profits or losses resulting from the intra group transactions and intra group balances have been eliminated.

The excess of the cost to the Company of its investment in the subsidiaries over the Company's portion of equity on the acquisition date is recognized in the financial statements as goodwill and is tested for impairment annually. The excess of Company's portion of equity of the subsidiary over the cost of investment therein is treated as capital reserve.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and in case of subsidiary companies incorporated outside India which does not maintain books of account under Indian GAAP has not been adjusted for deviations from accounting policy followed by holding Company and subsidiary Company while preparing consolidated financial statement as same are not material and does not affect consolidated financial statements.

J. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

K. Tax expense

Tax expense for a year comprises of current tax and deferred tax.

Current tax is measured after taking into consideration, the deductions and exemptions admissible under the provisions of the Income Tax Act, 1961. Whereas the difference between taxes assessed by the authorities and recorded earlier is accounted as previous year tax adjustment under statement of profit and loss.

Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing difference of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If there is unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax resulting from timing differences which originate during the tax holiday period but are expected to reverse after such tax holiday period is recognised in the year in which the timing differences originate using the tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to consolidated financial statements (Contd.)

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay income tax higher than that computed under MAT, during the period that MAT is permitted to be set off under the Income Tax Act, 1961 (specified period). In the year, in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India (ICAI), the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay income tax higher than MAT during the specified period.

L. Earning per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for any bonus shares issued during the year and also after the balance sheet date but before the date the financial statements are approved by the board of directors.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

M. Employee stock option scheme

In accordance with SEBI guidelines, the excess of the market price of shares, at the date of grant of options under the employee stock option schemes, over the exercise price, is treated as employee compensation expenses and amortised on a straight line basis over the vesting period of the options. In the case of graded vesting, the vesting period is determined separately for each portion of the option. The unamortised portion of the cost is shown under "Reserves and surplus".

N. Operating lease

Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals are charged off to the statement of profit and loss as incurred. Initial direct costs in respect of assets given on operating lease are expensed off in the year in which such costs are incurred.

O. Provisions and contingent liabilities

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources.

Notes to consolidated financial statements (Contd.)
Note 2 - Share capital

Value in ₹

Particulars	Par value per share	2014		Issued/(reductions) during the year		2013	
		No of shares	Value	No of shares	Value	No of shares	Value
Equity share capital							
Authorised:							
18,000,000 equity shares of ₹ 10 each	10	18,000,000	180,000,000	–	–	18,000,000	180,000,000
1,000,000 preference shares of ₹ 10 each	10	1,000,000	10,000,000	–	–	1,000,000	10,000,000
1,000,000 unclassified shares of ₹ 10 each	10	1,000,000	10,000,000	–	–	1,000,000	10,000,000
Total authorised capital		20,000,000	200,000,000	–	–	20,000,000	200,000,000
Issued, subscribed and paid-up:							
14,246,820 (13,835,870) equity shares of ₹ 10 each	10	14,246,820	142,468,200	410,950	4,109,500	13,835,870	138,358,700

Terms/rights attached to equity shares

Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

942,750 (1,708,650) equity shares are outstanding under ESOP 2009 scheme as at balance sheet date; each share being fully paid equity share of ₹ 10 each.

Details of share holdings

Particulars	2014			2013		
	No of shares	Value	Holding (%)	No of shares	Value	Holding (%)
Share held by holding Company:						
Onward Network Technologies Private Limited	7,773,769	77,737,690	54.56	7,420,792	74,207,920	53.63
Holding more than 5%:						
Onward Network Technologies Private Limited	7,773,769	77,737,690	54.56	7,420,792	74,207,920	53.63

Notes to consolidated financial statements (Contd.)**Note 3 - Reserve and surplus**

Figures in ₹

Particulars	2014		2013	
	Secured	Unsecured	Secured	Unsecured
Securities premium account:				
Balance as per last financial statements	81,769,493		76,708,683	
Add: premium on issue of equity shares	8,159,944		–	
Add: additions on employee stock option plan	–		5,060,810	
Closing balance	89,929,437		81,769,493	
Employee stock option plan outstanding (Refer Note - 35):				
Balance as per last financial statements	1,657,261		–	
Add: gross compensation for options granted during the year	31,976,843		37,514,995	
Less: deferred employee stock compensation	(20,763,210)		(30,796,924)	
Less: transferred to securities premium on exercise of stock options	(8,159,944)		(5,060,810)	
Closing balance	4,710,950		1,657,261	
Surplus/(deficit) at the beginning of the year:	3,624,548		(49,699,343)	
Add: profit after tax for the year	752,696		53,323,891	
Closing balance	4,377,244		3,624,548	
Foreign currency translation reserve				
Opening balance	7,619,335		17,900,798	
Add: foreign exchange gain/ (loss) during the year	14,232,808		(10,281,463)	
Closing balance	21,852,143		7,619,335	
Total	120,869,774		94,670,637	

Note 4 - Long-term borrowings

Particulars	2014		2013	
	Secured	Unsecured	Secured	Unsecured
Term loans:				
Term loans from banks	33,383,236	–	15,008,626	–
Inter corporate deposits from related parties:				
Onward Network Technologies Private Limited	–	91,339,958	–	114,842,110
Inter corporate deposits – others	–	–	–	30,000,000
Interest payable to:				
Onward Network Technologies Private Limited	–	260,999	–	16,458,758
Total	33,383,236	91,600,957	15,008,626	161,300,868

Maturity profile of term loans from banks:

Particulars	1-2 years	2-3 years	3-4 years
Term loans from bank (principal amounts repayable)	35,615,835	19,546,948	13,836,288

Notes to consolidated financial statements (Contd.)

Note 5 - Deferred tax assets/(liabilities) : Net

Figures in ₹

Particulars	2014	2013
Deferred tax liability :		
Fixed assets: impact of difference between WDV as per financial reporting and as per income tax reporting	(16,755,871)	(14,734,215)
Deferred tax assets :		
Impact of expenditure disallowed as per financial statement but allowed for tax purposes on payment basis	4,828,102	4,938,666
Impact of carried forward losses	13,422,014	16,490,465
Total	1,494,245	6,694,916

Note 6 - Long-term provisions

Particulars	2014	2013
Provision for employee benefits (Refer Note - 30):		
Gratuity	215,721	137,914
Leave encashment	3,057,182	145,442
Total	3,272,903	283,356

Note 7 - Short-term borrowings (Refer Note - 38)

Particulars	2014	2013
	Secured	Secured
Loans repayable :		
Cash credit from banks	206,370,707	156,380,571
Term loans from banks	36,558,554	21,283,874
Total	242,929,261	177,664,445

Note 8 - Trade payables

Particulars	2014	2013
Advance from customers	3,339,995	2,921,771
Trade payable for services and software:		
Due to micro, small and medium enterprises	14,866	41,576
Others	49,271,912	43,880,422
Total	52,626,773	46,843,769

Notes to consolidated financial statements (Contd.)**Note 9 - Other current liabilities**

Figures in ₹

Particulars	2014	2013
Other liabilities:		
Ernest money & other deposits	119,800	79,800
Dues towards employees & ex-employees	63,192,275	52,468,591
Statutory liabilities	29,516,946	29,817,243
Other contractual obligations	19,881,558	11,657,131
Remuneration to director (Refer Note - 32 (c))	14,134	625,349
Other payables	10,225,303	18,841,392
Total	122,950,016	113,489,506

Note 10 - Short-term provisions

Particulars	2014	2013
Provision for employee benefits (Refer Note - 30):		
Gratuity	14,822,650	15,301,469
Leave encashment	1,120,309	3,320,076
Others:		
Provision for tax including MAT	32,337,453	29,902,650
Wealth tax	26,130	25,400
Total	48,306,542	48,549,595

Note 11 - Fixed assets:

Particulars	Gross block (at cost)				Depreciation				Net block	
	As at 1.4.2013	Additions during the year	Delitions during the year	Total as at 31.3.2014	Provided up to 31.3.2013	Depreciation for the year	Depreciation on deductions	Total up to 31.3.2014	As at 31.3.2014	As at 31.3.2013
Tangible assets (owned):										
Buildings/premises	-	-	-	-	-	-	-	-	-	-
Furniture and fixtures	56,741,527	7,078,884	8,964,963	54,855,447	42,300,427	3,795,982	6,614,431	39,481,978	15,373,469	14,441,099
Vehicles	19,084,129	5,400,000	1,189,704	23,294,425	7,886,680	2,091,615	1,088,417	8,889,878	14,404,547	11,197,449
Office equipment	18,871,134	1,303,134	3,553,450	16,620,818	10,913,114	686,375	2,583,777	9,015,712	7,605,106	7,958,020
Electrical fittings	7,888,135	1,088,661	1,382,463	7,594,333	5,815,077	252,047	1,116,286	4,950,838	2,643,495	2,073,058
Instruments and accessories	997,777	-	20,210	977,567	970,014	9,255	18,889	960,380	17,187	27,763
Computers	420,235,488	11,974,855	6,507,383	425,702,960	395,219,549	7,619,632	6,484,345	396,354,837	29,348,124	25,015,939
Total	523,818,190	26,845,534	21,618,174	529,045,550	463,104,862	14,454,906	17,906,145	459,653,623	69,391,927	60,713,328
Assets under lease:										
Leasehold improvements	12,474,466	-	-	12,474,466	5,742,443	703,300	-	6,445,743	6,028,723	6,732,023
Total tangible assets	536,292,656	26,845,534	21,618,174	541,520,016	468,847,305	15,158,206	17,906,145	466,099,366	75,420,650	67,445,351
Intangible assets:										
Computer software	169,651,450	18,318,974	80,061	187,890,363	124,959,346	16,694,245	-	141,653,591	46,236,772	44,692,104
Computer software on lease	85,150,372	-	-	85,150,372	81,546,915	3,602,167	-	85,149,082	1,290	3,603,457
Goodwill	2,733,645	-	-	2,733,645	2,733,645	-	-	2,733,645	-	-
Total intangible assets	257,535,467	18,318,974	80,061	275,774,380	209,239,906	20,296,412	-	229,536,318	46,238,062	48,295,561
Capital - WIP	-	1,500,863	-	1,500,863	-	-	-	-	1,500,863	-
Grand total	793,828,123	46,665,371	21,698,235	818,795,258	678,087,210	35,454,618	17,906,145	695,635,683	123,159,575	115,740,912

Notes to consolidated financial statements (Contd.)

Note 12 - Long-term loans and advances

Figures in ₹

Particulars	2014	2013
	Unsecured, considered good	Unsecured, considered good
Security deposits	18,287,089	12,346,420
Total	18,287,089	12,346,420

Security deposits include earnest money deposits, rent deposits and deposits with various authorities.

Note 13 - Other non-current assets

Particulars	2014	2013
	Unsecured, considered good	Unsecured, considered good
Advance income tax	173,815,327	101,369,149
MAT credit entitlement	7,861,614	25,544,354
Total	181,676,941	126,913,503

Note 14 - Trade receivables

Particulars	2014	2013
Unsecured:		
Debts outstanding for a period exceeding six months:		
Considered good	69,252,497	51,338,835
Other debts:		
Considered good	322,580,709	310,980,126
Total	391,833,206	362,318,961

Note 15 - Cash and bank balances

Particulars	2014	2013
A) Cash and cash equivalents:		
Balance with banks	11,252,916	21,011,329
Cheques on hand & remittance in transit	3,585,480	9,671
Cash on hand	92,061	107,120
	14,930,457	21,128,120
B) Others:		
Margin money deposits for bank guarantees	3,375,510	3,496,708
Total	18,305,967	24,624,828

Notes to consolidated financial statements (Contd.)**Note 16 - Short-term loans and advances**

Figures in ₹

Particulars	2014	2013
	Unsecured, considered good	Unsecured, considered good
Other loans and advances:		
Prepayments	11,081,206	12,021,782
Advance paid to employees	4,433,636	4,609,338
Loans paid to employees	1,235,837	1,362
Receivables from ex-employees	8,859,544	9,364,513
Capital advances	19,721,595	85,075
Other advances	8,489,309	4,071,989
Advance paid to supplier	2,435,457	1,722,721
Forward contracts (Refer Note - 1-D & 26)	1,971,000	2,056,250
Loans and advances to related parties:		
Onward Software Technologies Private Limited (Refer Note - 32 (c))	1,200	–
Total	58,228,784	33,933,030

Note 17 - Other current assets

Particulars	2014	2013
	Unsecured, considered good	Unsecured, considered good
Interest accrued on bank guarantee margins	29,176	233,328
Advance income tax	41,273,925	94,194,671
Unbilled revenue	24,118,754	19,168,932
Total	65,421,855	113,596,931

Notes to consolidated financial statements (Contd.)

Note 18 - Revenue from operations

Figures in ₹

Particulars	2014	2013
Income from software services & products:		
Offshore services	418,852,044	442,488,559
Onsite services	1,183,455,914	971,392,546
Software products	67,251,098	46,490,604
Total	1,669,559,056	1,460,371,709

Note 19 - Other income

Particulars	2014	2013
Interest income	971,361	368,534
Interest on income tax refund	2,329,410	–
Profit on sale of fixed assets	331,467	66,338
Scrap sale	181,030	4,444
Discount received from suppliers	1,157,273	–
Sundry provision and credit balance written back	821,076	1,876,478
Other non-operating income	6,183,803	12,770,825
Total	11,975,420	15,086,619

Note 20 - Cost of software products

Particulars	2014	2013
Software products and others:	35,462,314	26,531,194
Total	35,462,314	26,531,194

Break up of software products

Particulars	2014		2013	
	Value	%	Value	%
Imported	25,468,723	72	22,359,157	84
Indigenous	9,993,591	28	4,172,037	16
Total	35,462,314	100	26,531,194	100

Note 21 - Employee benefits expenses

Particulars	2014	2013
Salaries and wages	1,179,078,840	1,006,543,074
Contribution to provident and other funds	63,547,214	44,040,349
Staff welfare	2,310,855	3,399,963
Expenses on employee stock option plan (ESOP) (Refer Note - 35 (b))	11,213,635	6,718,071
Total	1,256,150,544	1,060,701,457

Notes to consolidated financial statements (Contd.)

Note 22 - Finance costs		Figures in ₹
Particulars	2014	2013
Interest expenses	31,610,950	31,826,405
Other finance costs	2,514,916	2,026,591
Total	34,125,866	33,852,996

Note 23 - Other expenses

Particulars	2014	2013
Power and fuel	9,675,803	11,174,688
Rent	35,934,863	36,660,756
Repairs to premises	3,343,294	3,114,211
Repairs to others	5,704,264	5,411,624
Insurance	6,092,761	7,464,796
Travelling and conveyance	65,826,126	51,630,013
Communication cost	10,438,812	9,901,171
Bad debts	14,469,668	1,896,421
Rates and taxes	4,522,993	2,585,972
Advertisement and sales promotion	6,882,442	5,481,148
Legal, professional and technical services	69,761,004	52,080,169
Director sitting fees	980,000	700,000
Net loss on foreign currency transaction and translation	14,548,178	5,332,850
Payments to the auditor:		
(a) as auditors	766,854	691,604
(b) for other services	197,711	138,300
(c) for reimbursement of expenses	9,072	18,981
Office expenses	3,266,498	5,013,802
Loss on sale of fixed assets (net)	2,174,488	484,715
Fixed assets discarded	1,080,906	842,035
Leasing and hiring charges	16,558,291	18,492,370
Sundry debit balance written off	247,659	1,201,061
Prior period items	4,639,787	666,171
Preliminary expenses	-	144,968
Miscellaneous expenses	15,262,522	17,237,460
Total	292,383,996	238,365,286

Notes to consolidated financial statements (Contd.)

24. In the opinion of the board and to the best of their knowledge, the current assets, loans and advances, shown in the balance sheet have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated therein.
25. Debtors more than 3 years are amounting to ₹ 7,523,014 which the management are hopeful of recovering in due course of time.
26. Other commitments:

Derivatives instrument	Amount outstanding as on March 31		Purpose
	2014	2013	
Forward contract	\$1,804,849	\$2,325,000	Forward contract against USD receivable

27. Trade receivables and trade payables are subject to confirmation and reconciliation.

28. Contingent liabilities not provided for:

Particular	Year ended March 31 (₹)	
	2014	2013
Counter guarantees given by the Company against the bank guarantees issued by Company's bankers	9,917,347	10,738,881
Fixed deposits shown under the head cash and bank balances include deposits pledged with the banks as margins to secure letters of credit and guarantees issued by banks	1,822,753	2,225,647
Net amount	8,094,594	8,513,234
Corporate guarantees given by the Company for the loans taken by subsidiaries	129,629,611	111,105,272
Disputed income tax demand	48,488,030	48,488,030
Disputed sales tax demand	–	698,463
Capital commitments (net advance)	4,280,600	864,934
Total	190,492,835	169,669,933

29. Holding of Onward Technologies in its subsidiaries':

Name of the subsidiaries	Country of incorporation	Holding as on March 31	
		2014	2013
Onward Technologies, Inc.	USA	100%	100%
Onward Technologies GmbH	Germany	100%	100%
Onward eServices Limited	India	100%	100%
Onward Properties Private Limited (erstwhile Shantmurli Holdings Private Limited)	India	100%	100%

30. Disclosure in pursuance of Accounting Standard – 15 (revised 2005) on “Employee Benefits”
1. Defined contribution plans:

The Company has recognized following amounts in the statement of profit and loss for the year:

Sr. #	Particulars	Year ended March 31 (₹)	
		2014	2013
1	Contribution to employees provident fund	25,828,669	25,714,263
2	Contribution to labour welfare fund	73,980	54,288
3	Contribution to ESIC	3,311,185	1,266,607
	Total	29,213,834	27,035,158

Notes to consolidated financial statements (Contd.)**2. Defined benefit plans/compensated absences – as per actuarial valuation on March 31, 2014**

a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation (DBO):

Sr. #	Particulars	Gratuity (₹)	
		2014	2013
1	Obligations at period beginning	15,577,297	11,333,401
2	Current service cost	4,224,267	4,775,942
3	Interest cost	1,175,948	869,034
4	Actuarial (gain) / losses	(3,194,950)	817,874
5	Benefits paid	(2,818,505)	(2,218,954)
6	Past service cost (vested benefit)	–	–
7	DBO at period closing	14,964,057	15,577,297

b) A reconciliation of the opening and closing balances of the fair value of plan assets:

Sr. #	Particulars	Gratuity (₹)	
		2014	2013
1	Opening fair value of plan asset at period beginning	283,356	332,207
2	Expected returns on plan assets	31,136	23,019
3	Actuarial gain / (losses)	26,628	17,084
4	Contribution by the employer	3,030,196	2,130,000
5	Benefits paid	(2,818,505)	(2,218,954)
6	Fair value of plan assets at period closing	552,811	283,356

c) Net assets / (liabilities) recognized in the balance sheet as on March 31, 2014

Sr. #	Particulars	Gratuity (₹)	
		2014	2013
1	Present value of funded obligations	14,964,057	15,577,297
2	Fair value of plan assets	552,811	(283,356)
3	Present value of unfunded obligations	(10,757,861)	(15,293,941)
4	Net assets / (liabilities) recognized in the balance sheet	(14,411,246)	(15,293,941)

d) Total expenses recognized in the statement of profit and loss:

Sr. #	Particulars	Gratuity (₹)	
		2014	2013
1	Current service cost	4,224,267	4,775,942
2	Interest on defined benefit obligation	1,175,948	869,034
3	Expected returns on plan assets	(31,136)	(23,019)
4	Actuarial (gains) / losses	(3,370,634)	800,790
5	Past service cost (vested benefit)	–	–
	Total	1,998,445	6,422,747

All the above have been included under the line item remuneration and benefits to employees in Note - 21 of the Notes to consolidated financial statements.

e) Major categories of plan assets as a percentage of total plan assets:

Sr. #	Particulars	Plan asset - %	Plan asset (₹)	
			2014	2013
1	Other / insurer managed funds	100	552,811	7,528

Notes to consolidated financial statements (Contd.)

f) Compensated leave:

Para 132 of AS 15 (revised 2005) does not require any specific disclosures except where expense resulting from compensated absence is of such size, nature or incidence that its disclosure is relevant under Accounting Standard # 5 or Accounting Standard # 18. In the opinion of the management, the expense resulting from compensated absence is not significant and hence no disclosures are prepared under various paragraphs of AS 15 (revised 2005).

g) Actuarial assumptions:

Sr. #	Particulars	Year ended March 31	
		2014	2013
1	Discount rate	9.20%	8.30%
2	Expected return on plan asset	8.00%	8.00%
3	Retirement age	58 years	58 years
4	Salary escalation rate	4.50%	4.50%

h) Gratuity is administered through group gratuity scheme with Life Insurance Corporation of India.

i) Salary escalation rate:

Future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

j) Expected rate of return on plan assets:

This is based on actuaries' expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

k) Discount rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

31. Managerial remuneration

Particular	Year ended March 31 (₹)	
	2014	2013
Salary and allowances*	8,357,004	8,094,980

* During the financial year 2011-12, Company has received Central Government's approval for ₹ 8,400,000 per annum towards remuneration payable to Mr. Harish Mehta for the period of 3 years effective from April 1, 2011 to March 31, 2014. Salary and allowances amounting to ₹ Nil (₹ 8,094,980) include rent free accommodation.

32. Related party disclosures:

(a) List of related parties and relationships:

	Relation	Parties
A.	Holding Company	Onward Network Technologies Private Limited
B.	Enterprise over which key management personnel exercise significant influence	Desai Finwealth Investments & Securities Private Limited Onward Software Technologies Private Limited
C.	Key management personnel and relatives Chairman & Managing Director Director Related to Directors Related to Director Related to Directors Related to Directors	Harish Mehta Shaila Mehta# Jigar Mehta Arun Meghani Heral Mehta Prachi Mehta

Mrs. Shaila Mehta passed away on 20.2.2014.

Notes to consolidated financial statements (Contd.)**(b) Related party transactions:**

Figures in ₹

Aggregate of transactions	Key management personnel	Relative of key management personnel	Associate Companies & promoter Companies	Total
Unsecured loans	– (–)	– (–)	36,425,000 (43,950,000)	36,425,000 (43,950,000)
Repayment of unsecured loans	– (–)	– (–)	59,927,152 (69,702,782)	59,927,152 (69,702,782)
Directors sitting charges	70,000 (100,000)	210,000 (110,000)	– (–)	280,000 (210,000)
Interest paid during the year	– (–)	– (–)	4,333,535 (7,764,095)	4,333,535 (7,764,095)
Reimbursement of expenses	– (–)	– (–)	48,086 (456,652)	48,086 (456,652)
Rent	– (–)	– (–)	9,000,000 (9,000,000)	9,000,000 (9,000,000)
Salary and allowances*	8,357,004 (8,094,980)	5,570,556 (4,341,636)	– (–)	13,927,560 (12,436,616)
Other Income#	– (–)	1,831,000 (–)	– (–)	1,831,000 (–)

* During the financial year 2011-12, Company has received Central Government's approval for ₹ 8,400,000 per annum towards remuneration payable to Mr. Harish Mehta for the period of 3 years effective from April 1, 2011 to March 31, 2014. Salary and allowances amounting to ₹ Nil (₹ 8,094,980) include rent free accommodation.

Recovery of excess salary paid to Mr. Jigar Mehta ₹ 1,831,000 vide MCA letter received during the year for the period 1.4.2009 to 31.3.2010 is received from him during the year.

(c) Balance outstanding at end of financial year:

Credit balances outstanding				
Loans and advances	– (–)	– (–)	91,339,958 (114,842,110)	91,339,958 (114,842,110)
Reimbursement of expenses	– (–)	– (–)	– (209,175)	– (209,175)
Salary and allowances	14,134 (625,349)	9,758 (183,766)	– (–)	23,892 (809,115)

33. I) Disclosure for income from operating lease:

The Company has leased office premise under operating lease. The lease charges to be received in future are as follows:

Particular	Year ended March 31 (₹)	
	2014	2013
Lease payment credited to statement of profit and loss	–	467,608

Notes to consolidated financial statements (Contd.)

II) Disclosure for operating leases:

The Company has leased certain flats / office premises under operating leases. The lease payments for lock in period to be made in respect of the leases in future are as follows:

Particular	Year ended March 31 (₹)	
	2014	2013
Lease payment debited to statement of profit and loss	35,934,863	36,658,755
Lease obligation		
Up to 1 year	26,526,914	26,079,299
Greater than 1 year but less than 5 years	31,764,978	3,650,250

34. Earnings per share:

The earnings per share have been computed in accordance with the "Accounting Standard 20 - Earnings per Share".

Particular	Year ended March 31	
	2014	2013
Profit / (loss) after tax	₹ 752,696	₹ 53,323,891
Profit / (loss) attributable to equity shareholders	₹ 752,696	₹ 53,323,891
Adjusted number of ordinary shares, (face value ₹ 10)	14,052,598	13,629,214
Basic earning per share	₹ 0.05	₹ 3.91
Weighted average no. of shares in calculating diluted EPS	14,794,763	14,920,101
Diluted earning per share	₹ 0.05	₹ 3.57
Shares outstanding under employee stock option plan	942,750	1,708,650
Fair value of shares during the year	₹ 47.00	₹ 40.90
Face value of shares	₹ 10	₹ 10
Number of shares that would have been issued at fair value	200,585	417,763
Weighted average no of shares under employee stock option plan	742,165	1,290,887

35. a) Onward Technologies employee stock option plan 2009

The Company instituted the 2009 plan for all eligible employees in pursuance of a special resolution approved by the shareholders at the extraordinary general meeting held on August 31, 2009. Scheme covers grant of options to specified permanent employees of the Company as well as its subsidiaries.

Pursuant to scheme, the Company has granted options each to eligible employees at an exercise price of ₹ 10 per equity share of ₹ 10 each.

Under the term of scheme, the vesting period shall commence on the expiry of one year from the date of grant of the options to the employees and it will be spread equally over 4 years. 25% of the options will vest in the employees at the end of first year, 25% at the end of second year, 25% at the end of third year and balance 25% at the end of fourth year from the grant date.

The employee stock options granted shall be capable of being exercised within a period of one year from the date of vesting the options, they would be exercisable by the option holder and the shares arising on exercise of such options shall not be subject to any lock-in period. Further, in the case of termination of employment, all non-vested options would stand cancelled. Options that have vested but have not been exercised can be exercised within the time prescribed as mentioned above, failing which they would stand cancelled. The movement in the stock options during the year was as per the table given below:

Notes to consolidated financial statements (Contd.)

Particular	Year ended March 31	
	2014	2013
Options outstanding at the beginning of the year	365,300	359,737
Options granted during the year	32,000	178,250
Options forfeited / cancelled during the year	49,850	83,875
Options lapsed during the year	9,025	8,725
Options exercised during the year	102,738	80,088
Options outstanding at the end of the year	235,688	365,300
Shares exercisable at the end of the year	942,750	1,461,200

b) Stock options issued during the year have been accounted as per the accounting guidelines issued by SEBI in the year 1999. Accordingly, an amount of ₹ 11,213,635 (₹ 6,718,071) representing the current year charge has been debited to statement of profit and loss during the year under both plan.

36. a. The principal amount of working capital term loan repayable within a year is ₹ 5,948,892 (₹ 3,613,432).

b. The principal amount of term loan repayable within a year is ₹ 30,609,661 (₹ 16,826,961).

37. Information about business segments

In accordance with the requirement of Accounting Standard 17 (AS 17) 'Segment Reporting' issued by the Institute of Chartered Accountants of India, disclosed business segment as the primary segment. Segments have been identified taking into account the nature of the products and service and different risks and returns as under:

a) Professional services & consultancy (including exports)

b) Software products – resale

These segments have been identified because management perceives that these businesses are subject to different risks and returns.

'Software products - resale' segment concentrated around the Company's products and other agency related products.

The primary segment disclosures with respect to business segments are as under:

₹ in Lac

Particulars	Business segment		Un-allocable	Total
	Professional services & consultancy (including exports)	Software products – resale		
Segment revenue	16,023 (14,139)	673 (465)		16,696 (14,604)
Segment results	623 (1,224)	236 (124)		859 (1,348)
Other un-allocable expenditure, depreciation adjusted with other incomes			238 (255)	238 (255)
Segment result before interest and tax				621 (1,093)
Less: Finance costs				341 (339)
Profit before tax				280 (754)
Income tax expense / (income)				272 (247)
Add: Exceptional items				- (26)
Total profit after tax				8 (533)

Notes to consolidated financial statements (Contd.)

Secondary segment disclosures on the basis of geographical segments:

₹ in Lac

Geographical segments	Year ended March 31	
	2014	2013
India	6,591	6,493
Europe	1,409	1,115
U.S.A.	8,696	6,827
Other overseas market	Nil	169
Total	16,696	14,604

The fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments as the fixed assets and services are used interchangeably between segments and as such it is not practicable to allocate fixed assets to segments and to provide segment disclosures in relation to total assets and liabilities.

38. a) Term loans including working capital term loans sanctioned by Kotak Mahindra Bank Limited are secured by exclusive charge on all existing and future current assets and movable fixed assets of the Company and personal guarantee of Mr. Harish Mehta & Mr. Jigar Mehta along with Corporate Guarantee of Onward Network Technologies Private Limited. Further secured by extension of equitable mortgage over the properties situated at Sterling Centre, Worli, Mumbai and E-Space, Nagar Road, Pune (both the properties are owned by Onward Network Technologies Private Limited). Term loans taken during the financial year 2012-13 & 2013-14 carries floating interest rate of 12% to 14.50% p.a.
- b) Term loans obtained from Kotak Mahindra Prime Limited for purchase of vehicles are secured by hypothecation of vehicles and repayable in equal monthly instalments.
- c) Loans from Onward Network Technologies Private Limited for which the Company has unconditional right to defer the repayment along with interest carry interest rate of 12.25% p.a. & other ICD @ 12% p.a.
- d) Loan from Onward Properties Private Limited (erstwhile Shantmurli Holdings Private Limited) is interest free and the Company has unconditional right to defer the repayment along with interest.
- e) The Onward Technologies, Inc. (OTI) has obtained a \$ 1,500,000 secured revolving credit facility from Bank of America to meet its working capital requirements which was renewed during the year. The duration of this facility is one year from October 2013. The credit facility bears interest at the rate of Prime plus 1%. The average interest rate on the credit facility during the year ended March 31, 2014 was 4.25% (4.25%) and the interest rate as at March 31, 2014 was 4.25% (4.25%). As of March 31, 2014 the outstanding amount of this facility aggregated to \$ 1,080,000 (\$ 1,200,000). The credit facility is secured by a first charge on the tangible and intangible assets of OTI and the corporate guarantee of Onward Technologies Limited (parent Company). OTI has agreed to a covenant with Bank of America whereby OTI will not make any loans, advances or other extensions of credit to an individual or entity, except for any loan, advance and/or other credit to the parent Company for an aggregate amount not to exceed \$ 500,000. The receivable from parent Company at year end is \$ 1,669,122 (\$ 1,967,667).

Notes to consolidated financial statements (Contd.)**39. Disclosure pursuant to the general circular # 2 dated February 8, 2011:**

Figures in ₹

Particulars	OTI	OTG	OeSL	OPPL*
Capital	95,169,663	19,481,763	156,200,000	500,000
Reserves	38,535,727	–	–	9,661,004
Total assets	261,852,837	20,978,238	200,123,532	10,187,318
Debit balance in P&L A/C	–	21,608,194	132,168,247	–
Total liabilities	128,147,447	23,104,669	176,091,779	26,314
Investments	–	–	–	–
Turnover	699,751,284	24,836,427	243,750,456	–
Profit / (loss) before tax	6,977,231	(11,110,547)	(51,186,282)	(26,617)
Provision for tax	3,431,471	–	–	–
Profit / (loss) after tax	3,545,760	(11,110,547)	(51,186,282)	(26,617)
Proposed dividend	–	–	–	–

Full names of subsidiaries are as under:

OTI – Onward Technologies, Inc., USA.

OTG – Onward Technologies GmbH, Germany

OeSL – Onward eServices Limited, India

* OPPL – Onward Properties Private Limited, India (erstwhile Shantmurli Holdings Private Limited)

40. Based on the current experience, the Company has decided to recognise the bond money receivable from resigned employees on receipt basis. As at 31st March, 2014 bond money receivable from resigned employees amounts to ₹ 8,859,544 pertaining to the previous years and recognised on accrual basis. The management is confident of recovering the said amount in the ordinary course of business.
41. All assets and liabilities have been classified as current or non-current as per the operating cycle criteria set out in the Revised Schedule VI. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.
42. The Company has not yet appointed a full time Company Secretary; however all compliances are done by an independent Company Secretary firm.
43. Figures are rounded off to the nearest rupee and figures in bracket pertain to the previous year.

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Kirtane & Pandit

Chartered Accountants

Firm Registration Number: 105215W

Parag P. Pansare

Partner

Membership No.: 117309

Place : Mumbai

Date : May 21, 2014

For and on behalf of the Board of Directors**Harish Mehta**

Chairman & Managing Director

Arun Meghani

Director

Pradip Dubhashi

Director

ASSENT / DISSENT FORM

Onward Technologies Limited

CIN: L28920MH1991PLC062542

Registered Office: 2nd Floor Sterling Centre, Dr. A.B. Road, Worli, Mumbai – 400018.

www.onwardgroup.com

Twenty Third Annual General Meeting - August 01, 2014

Registered Folio number:	DP ID *:
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Number of shares:	Client ID *:
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- * Applicable for members holding shares in electronic form.
- Duly completed Assent / Dissent forms should reach the registered office of the Company on or before 25th July, 2014. All forms received thereafter shall be rejected by the Company.

I/We hereby exercise my/our vote(s) in respect of the Resolutions set out in the Notice of the Twenty Third Annual General Meeting (AGM) of the Company to be held on Friday, 1st August, 2014, by sending my/our assent or dissent to the said Resolutions by placing the tick (✓) mark at the appropriate box below:

Resolution No.	Particulars of the Resolution	No. of shares	Assent	Dissent
1	To adopt audited financial statement of the Company for the financial year ended March 31, 2014,			
2	Reappointment of Mr. Arun Meghani as a Director Liable to retire by rotation			
3	Appointment of Statutory Auditors			
4	Appointment of Mr. Pradip Dubhashi as an Independent Director of the Company			
5	Appointment of Mr. Pranay Vakil as an Independent Director of the Company			
6	Appointment of Mr. Nandkumar Pradhan as an Independent Director of the Company			
7	Authority to Board of Directors to Borrow funds			
8	Remuneration to Mr. Harish Mehta			

Place

Date

Signature of the Member

For voting through this assent / dissent form, kindly see the instructions over leaf.

Instructions for voting by assent / dissent form:

Instructions

1. A Member can opt for only one mode of voting i.e. either through e-voting or by Assent/Dissent form. If a Member casts votes by both modes, then voting done through e-voting shall prevail and votes cast by the assent / dissent form shall be treated as invalid.
2. For detailed instructions on e-voting, please refer to the notes appended to the Notice of the AGM.
3. The Scrutinizer will collate the votes downloaded from the e-voting system and votes received through post to declare the final result for each of the Resolutions forming part of the Notice of the AGM.

Process and manner for Members opting to vote by using the Assent / Dissent Form

1. Please complete and sign the Assent / Dissent Form (no other form or photo copy thereof is permitted) and send it so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. Nilesh Pradhan, Practicing Company Secretary (Membership No. FCS 5445, CP No. 3659) at the registered office of the Company at the address – 2nd Floor Sterling Centre, Dr. A.B. Road, Worli, Mumbai - 400018.
2. The Form should be signed by the Member as per the specimen signature registered with the Company/Depositories. In case of joint holding, the Form should be completed and signed by the first named Member and in his/her absence, by the next named joint holder. A Power of Attorney (POA) holder may vote on behalf of a Member, mentioning the registration number of the POA registered with the Company or enclosing an attested copy of the POA. A member cannot appoint a proxy for voting through assent / dissent form.
3. In case the shares are held by companies, trusts, societies, etc. the duly completed Assent / Dissent Form should be accompanied by a certified true copy of the relevant Board Resolution / Authorization.
4. Votes should be cast in case of each resolution, either in favour or against by putting the tick (✓) mark in the column provided in the Assent / Dissent form.
5. The voting rights of shareholders shall be in proportion of the share held by them in the paid up equity share capital of the Company as on June 30, 2014 and as per the Register of Members of the Company.
6. Duly completed Assent / Dissent Form should reach the Scrutinizer not later than Friday, July 25, 2014 (5 p.m. IST). All Assent / Dissent Forms received after the aforementioned will be strictly treated as if the reply from the Members has not been received.
7. A Member may request for a duplicate Assent / Dissent Form, if so required. However, duly filled in and signed duplicate Form should reach the Scrutinizer not later than the date and time specified in serial no. 6 above.
8. Unsigned, incomplete, improperly or incorrectly tick marked Assent / Dissent Forms will be rejected. A Form will also be rejected if it is received torn, defaced or mutilated to an extent which makes it difficult for the Scrutinizer to identify either the Member or as to whether the votes are in favour or against or if the signature cannot be verified.
9. The decision of the Scrutinizer on the validity of the Assent / Dissent Form and any other related matter shall be final.
10. The results declared along with Scrutinizer's Report, shall be placed on the Company's website www.onwardgroup.com and on the website of the Central Depository Services (India) Limited within two days of the passing of the Resolutions at the AGM of the Company on August 01, 2014, and communicated to the BSE Limited, and National Stock Exchange of India Limited, where the shares of the Company are listed.



CIN: L28920MH1991PLC062542

Registered Office: 2nd Floor Sterling Centre, Dr. A.B. Road, Worli, Mumbai - 400018.

www.onwardgroup.com

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

Twenty Third Annual General Meeting - August 01, 2014

I hereby record my presence at the twenty third Annual General Meeting of the Company on Friday, 1st August, 2014 at 3.30 p.m. at Victoria Memorial School for the Blind, 73, Tardeo Road, Mumbai 400 034.

Name of the member/proxy (IN BLOCK LETTERS) _____

Registered Folio number: _____

DP ID *: _____

Number of shares: _____

Client ID *: _____

- * Applicable for members holding shares in electronic form.
- Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall
- Members / Proxies are requested to bring their copies of the Annual Report to the Meeting

.....
Signature of Member/Proxy



CIN: L28920MH1991PLC062542

Registered Office: 2nd Floor Sterling Centre, Dr. A.B. Road, Worli, Mumbai - 400018.

www.onwardgroup.com

PROXY FORM

Twenty Third Annual General Meeting - August 01, 2014

Registered Folio number: _____

DP ID *: _____

Number of shares: _____

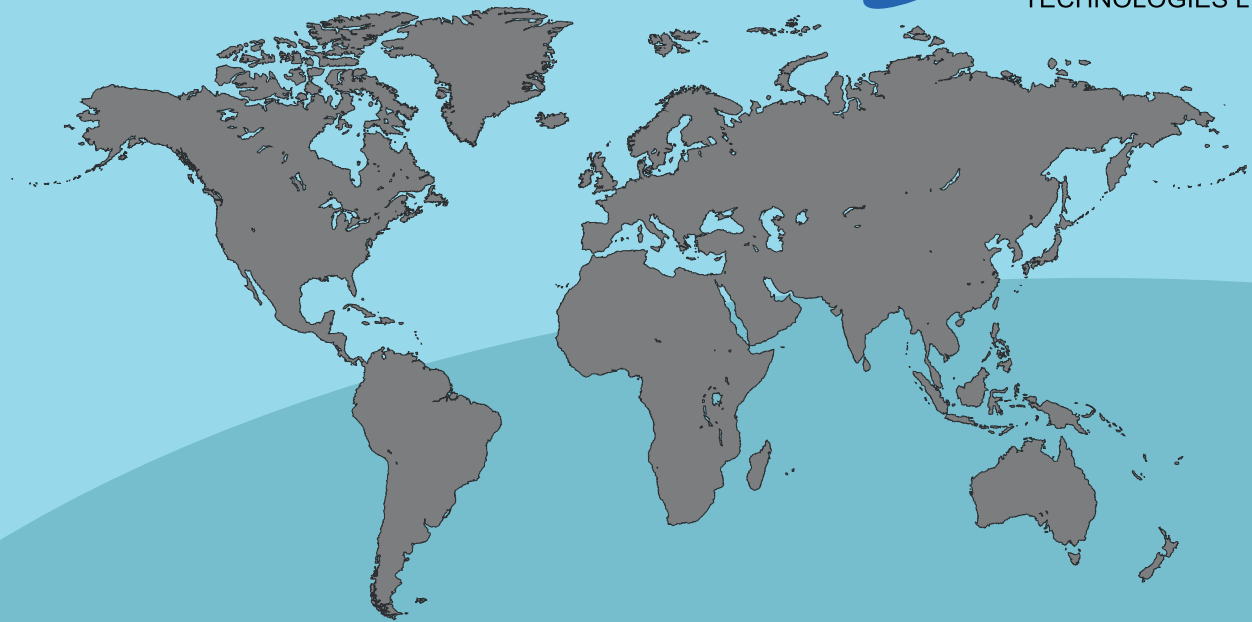
Client ID *: _____

- * Applicable for members holding shares in electronic form.
- This form should reach the registered office of the Company atleast 48 hours before the commencement of the meeting. The proxy need not be a member of the Company.

I / We _____ of _____ being member / members of Onward Technologies Limited hereby appoint _____ of _____ failing him / her _____ of or failing him / her _____ of _____ as my / our proxy to attend and vote for me / us and on my / our behalf at the **Twenty Third Annual General Meeting** of the Company to be held on Friday, August 01, 2014 at Victoria Memorial School for the Blind, 73, Tardeo Road, Mumbai 400 034 and at any adjournment thereof in respect of the resolutions enlisted in the notice of the Annual General meeting.

Affix
Revenue
Stamp of
₹ 1

.....
Signature of Member



GLOBAL LOCATIONS

Mumbai (Registered office)	PUNE	CHENNAI
2nd Floor, Sterling Centre Dr A.B. Road, Worli Mumbai – 400018	Almonte IT Park, 5th Floor, Next to Radisson Blu Hotel, Kharadi, Pune – 411014	5B, Onward House, Lakshmi Colony, Off G N Chetty Road T.Nagar, Chennai – 600017
MUMBAI	PUNE	
No. 152, SDF V, 1st Floor, SEEPZ, Andheri (East), Mumbai - 400096	E-Space IT Park, Building # A3, 3rd Floor, Pune Nagar Road, Pune – 411014	
ILLINOIS	MASSACHUSETTS	MICHIGAN
5600 N River Road, Suite 425, Rosemont, IL 60018, USA	70 Fargo Street, Suite 910, Boston, MA 02210, USA	340 E Big Beaver Road, Suite 130, Troy, MI 48083, USA
FRANKFURT	LONDON	
Kirchnerstrasse 4, 60311 Frankfurt am Main, Germany	Berkshire House 252-256 Kings Road Reading, RG-1 4HP Berkshire, UK	