



Engineering Products | Enabling Businesses | Delivering Promises



25th
Annual Report
2015-16

Board of Directors

Mr. Harish Mehta	Chairman and Managing Director
Mr. Pradip Dubhashi	Director
Mr. Arun Meghani	Director
Mr. Pranay Vakil	Director
Mr. Nandkumar Pradhan	Director
Mrs. Prachi Mehta	Director

Auditors

Kirtane & Pandit LLP
Chartered Accountants
5th Floor, Wing A, Gopal House
S.No. 127/1B/11, Opp. Harshal Hall
Karve Road, Kothrud
Pune – 411 029

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

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Director's Report and Management Analysis

To
The Members,

The directors of your Company are pleased to present before you the **25TH ANNUAL REPORT** together with Audited Annual Financials of the Company for the financial year ended March 31, 2016.

Corporate overview

Onward Technologies Limited is a niche player in Mechanical Engineering Design Services (EDS) and IT consulting services (ITS). Your Company offers product design & mechanical engineering services globally with the range of services including NPD, engineering analysis, sustenance engineering, and manufacturing solutions for automotive, off highway, aerospace, industrial equipment and consumer goods industries. Your Company has active & growing number of clients from Fortune 1000 companies.

With a strong team of 2200+ employees operating from your Company's various offices in India (Mumbai, Pune and Chennai), USA (Boston, Chicago & Detroit) and Europe (UK & Germany), we are catering to customers who are leading global players in their respective fields.

Industry overview

The global engineering spend is almost USD 1,300 billion. The global mechanical engineering spend is USD 260 billion, 20% of the global engineering spend (NASSCOM-Booz report). India's Engineering Research & Development (ER&D) industry has been seeing double digit growth in the recent past and by 2020, it is expected to reach exports of USD 30-38 billion. This sector is emerging as a vital cog in the global value-chain for customers with its focus on impacting customer bottom-line. With ER&D shifting East (Asia excl. Japan to account for one-fourth of total ER&D spend by 2020), India is expected to further cement its place in the global sourcing arena. The growing shortages of skilled resources in the developed market, pressures to reduce time to market, increasing R&D spend in today's challenging consumer expectations vis-à-vis technology transformation and cost rationalization are driving and expanding the need for outsourcing of product engineering services and solutions and manufacturing engineering services. Key themes driving ER&D include sustainability (green tech), miniaturization and localization. Digitization is taking the technology industry by storm, impacting every aspect of business and has opened up new opportunities in the areas of connectivity (IoT> M2M> Engineering analytics), wearable devices, 3D printing, and others. India's ER&D players are now moving from proof-of-concept in these areas to prototyping and beyond, and seeing significant traction. These technologies are further creating opportunities for embedded software, software integration and cyber security. Digitization and Internet of Things (IoT) leading rise to new business models with game changing disruptive technologies like: mobility, autonomous, electrification, connectivity.

From India, your Company is emerging as a reliable, trusted, global mechanical engineering services engine for innovatively solving customers engineering problems.

IoT: Internet of Things;

M2M: Machine To Machine

Financial performance: (Consolidated)

The consolidated sales grew to ₹ 19,963.27 Lacs from ₹ 19,067.67 Lacs in the last financial year, a growth of 4.70% over the previous financial year. The EBITDA for the year 2015-16 was at ₹ 1,533.58 Lacs as compared to ₹ 1,306.51 Lacs in the last financial year. Operationally your Company continues to invest and grow both in EDS and ITS in India and overseas markets.

Director's Report and Management Analysis (Contd.)

The summarized consolidated results of your Company are as follows:

	(₹ in Lac)
	For the year ended 31.3.2016
	For the year ended 31.3.2015
Sales and other income (Net)	19,963.27
Profit before finance cost, depreciation and exceptional items	1,533.58
Finance costs	337.50
Depreciation	382.27
Operating profit	813.81
Exceptional items	—
Profit before tax	813.81
Provision for taxation	
– Current tax	248.30
– Previous year tax adjustment	122.12
– Deferred tax expenses/(benefits)	124.78
Profit after tax	318.61

Dividend

Your directors have recommended a dividend of ₹ 1 (10% per cent) per equity share each of face value ₹ 10 aggregating to ₹ 179.74 Lac (inclusive of dividend distribution tax) for the financial year ended March 31, 2016, which, if approved at the ensuing Annual General Meeting ('AGM' or meeting), will be paid to:

- (i) all those equity shareholders whose names appear in the register of members as on July 12, 2016, and
- (ii) to those whose names appear as beneficial owners, as on July 12, 2016 as furnished by the National Securities Depository Limited and Central Depository Services (India) Limited for the purpose.

Your Company proposed to carry nil amounts to reserves for the FY 2015-16. The dividend payout as proposed is in accordance with your Company's policy of paying sustainable dividend linked to long term performance, keeping in view of the capital needs of your Company's growth plans and desire to achieve optimal financing of such plans through internal accruals.

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

- Product engineering and simulation solutions group
- Manufacturing engineering and simulation solutions group

Engineering group: Design to cost, first time right quality and delivery on time are the unique differentiators of your Company. The Company's consulting business offers design lead manufacturing services to the global market that brings the scalability and capability blend with access to the talent in addressing complex engineering problems. Your Company's Simulation driven design and development methodology, Should Costing driven value engineering methodology helps deliver innovative solutions to the customer to reduce "Time to market" and the product costs. Your Company's dedicated engineering excellence center's (EECs) for client's product engineering and development requirement gives the multiplier effects in terms of capacities, responsiveness and productivities. Your Company's flexibility in going extra mile with proximity center's to esteem clientele addressing the global delivery model seamlessly.

Your Company continues to add value added services and upgrade current portfolios aligning to the client changing expectations in expanding product life cycle management; be it proto development, 3D printing, end-end offerings in selective areas. This has strengthened our relationships & lead to renewal of our client engagement with multi-year contracts.

Director's Report and Management Analysis (Contd.)

We provided sizable benefits/savings to a global Transportation client in sourcing of components with Should Costing driven sourcing decisions. We also successfully won & delivered large product engineering program for Auto OEM with proximity in addressing their complex engineering problems. We have been part of Design and Development team for a leading Auto OEM for design of next generation concepts of handcrafted bespoke cabin & cockpit with luxury materials.

That reinforces the six key trends driving enhanced ER&D spend across multiple sectors – Sustainability, Connectivity, Localization, Software-led differentiation, Digital engineering and miniaturization.

Opportunities, Threats, Risks and Concerns

As can be seen in the above case studies, Indian ER&D firms have taken on a partnership role to their customers and are delivering significant value. Opportunities exist in the areas of digitization, manufacturing engineering, sustenance engineering and local engineering. More emphasis on safety across design, analytics, compliance, real-time monitoring, etc.

Investment flow into “greener” technology such as fuel-efficient engines, advanced materials, composites. Going forward, new features will gain importance as firms increasingly try to differentiate themselves and improve operational efficiencies.

Resource scalability, language and relatively better IP protection help India to continue this dominating position. Steep learning curves though as a concern in order to move up in the value chain to serve high end segment, but mitigating it applying rapid training methods/tools /technologies/Subject Matter Experts. Convergence of disruptive technology driven trends.

Achievements/Testimonials

QMS and ISMS: Your Company was first one to be certified for newer ISO 9001-2015 version & ISMS: ISO 27001-2013 standards by TUV Nord.

One of the fortune 10 clients has appreciated the concept to proto development support for seat head rest.

Your Company successfully delivered large program for cutting tools configurations and automation solutions received appreciation.

Your Company received appreciation on productivities achieved on Transformer Design process configuration and customization tool development”.

The strict adherence to quality processes driving to first time right delivery goals has made Onward, a ‘Preferred partner’ for number of major Auto Assembly line integrators.

Operations

For the FY 15-16, your Company continued to strengthen its position in the Engineering and IT segments.

Human Resources

Building effective human capital with strategic processes to energize and drive established organizational goals forward in adherence with unmatched innovation and quality to uphold our successfully proven Business Model, Onward has strategically partnered with every professional, leveraging human capital to support its business model successfully and HR's role evolved to that of a true partner in the business. At Onward, we invigorate employees within our Onward Culture to keep up the good work in key areas, while also encouraging employees to focus more carefully on productivity, quality and timeliness of work.

Strengthening of leadership team to penetrate and enhance the business relationships, increasing customer interactions at Global level has been one of the key focus area. Significant efforts and investment were made in attracting and engaging High Potential talent.

At Onward we know the value of bringing together diverse ideas. We embrace a culture that is accepting and understanding. It's a culture that reflects our global market, widens our business opportunities, attracts the best talent, and breathes life into the best teamwork. Employee well-being, corporate social responsibility, job rotation and succession plan was integrated effectively to support business continuity.

Director's Report and Management Analysis (Contd.)

With an objective of promoting employee connect and cultivating participatory environment to ensure team synergy we organized several events during the year to quote few would be the Onward Day celebration, sports tournaments in areas of cricket, football, new year and festive celebrations. With an objective of aligning efforts towards the growth, boost the team collaboration, an offsite meet in Jan 2016 themed “**Ignite**” session was organized for leadership team in Pune.

CSR activities – Your Company has undertaken a number of CSR initiatives through Onward Foundation. The foundation's aim is to extend support to the community in the fields of education and health.

With a view of “Making a difference to our community” and as part of our corporate social responsibility, there were organized initiatives supporting a paraplegic institute, an orphanage, blood donation camps and tree plantations. Your Company, through the foundation, has setup a computer center for Adivasi girls in rural area of Kaprada, Gujarat.

In addition, the foundation also contributes to an international NGO Social Venture Partners at Pune which works towards the development of Pune city and helps create livelihoods in the underprivileged sections of society. We continue to pledge our support to the Foster Care program of the MSWC (Maharashtra State Women Council) which sponsors education of children in foster care. We encourage female students with outstanding performances in various specializations in science through SNDT. Also the foundation contributed to charitable trust which runs educational institutions.

Since, the consolidated profit of your Company is below the limits mentioned under Section 135 of the Companies Act, 2013 (the ‘Act’) as a result of which, CSR activities are not mandatory for the Company.

Subsidiaries

The subsidiaries of your Company are as follows:

Onward Technologies, Inc. (OTI) (North America)

OTI had three offices in North America at Chicago, Boston & Detroit during the year under review. All three offices are in strategic locations with concentration on engineering and IT customers and in close proximity to the clientele.

The North American operations have been growing at a steady pace. The revenues for the FY 15-16 were at ₹ 6,738.13 Lacs.

Onward eServices Limited (OeSL)

OeSL operates primarily in India, with focus on Open Source Technology solutions, Infrastructure Management services, Professional services and Facilities management services.

During FY 15-16, revenues grew by 23.77% to ₹ 4,086.17 Lac. The EBITDA of the Company stood at ₹ 353.53 Lac. The Indian market opening up in Company's market segments helped the growth of top-line.

Onward Technologies GmbH (OTG) (Germany)

OTG operates from Frankfurt, Germany and services European customers. It has increased the presence and clientele relationships moving towards growth trajectory. The investments made over a period including in the current year has started moving with positive results. We continue to bring in the enrichment in our offerings to this challenging market while solving the complex engineering problems. During FY 15-16, revenues grew by 35% as compared to previous year.

Onward Properties Private Limited (OPPL)

During the year under review, OPPL did not undertake any substantial activities.

The brief particulars of the subsidiaries of your Company as required under AOC-1, is provided as an annexure to this annual report marked as Annexure-5.

Management analysis

Indian Engineering R&D services industry is evolving into new paradigm since the products are totally being overhauled in order to meet the consumer's swift in expectations which are aligned to technological transformations rapidly happening (Smart phones, Smart Cities, Autonomous cars, Digital manufacturing, 3D Printing, etc.). That expanding the Electronics and Automation portion of opportunity significantly, while bringing the ease on outsourcing of the other traditional engineering disciplines/areas for Third Party ESP (Engineering Service Providers) like your Company's major business into.

Director's Report and Management Analysis (Contd.)

Thus, further affirming your Company's unique positioning in its segment, with impressive value proposition being offered to its elite clients. Most of Company's current clientele relationships leveraging the Company's rich experience in scalability and capabilities in solving the complex engineering problems. Your Company is committed to make investments in client relationships, proximity centres and strengthening the capabilities or associated CAPEX; as the investments made over past few years have expanded the confidence with the results on client engagement and reach with value added offerings.

The IT services business expanded the reach and strengthened the presence with esteemed clientele in all the three growth segments: Application Maintenance Services (AMS), Infrastructure Management Services (IMS) and Product Development and System Integration Services (PDSS). It will continue to bring in the growth leveraging the strong presence in USA and India. The leadership team has been strengthened and will continue to make investments in bringing the value added offerings thus growth.

Consolidated financial statements

In accordance with the Act and Accounting Standard (AS) - 21 on consolidated financial statements read with AS - 23 on Accounting for Investments in Associates and AS - 27 on Financial Reporting of Interests in Joint Ventures, the audited consolidated financial statements is provided in this annual report.

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 be kept for inspection by any shareholders in the registered office of the holding company and of the respective 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.

Directors

The board of your Company is composed of directors that meet the criteria laid down under the Act, and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Obligations"). During the year, the board consisted of 1 managing director, 2 non-executive directors and 3 independent directors. There were no changes in the composition of the board during the year under review. Detailed composition of the board of directors, including committees of the board; and number and dates of meetings held is provided in corporate governance report of your Company for the financial year 2015-16.

During the year, 4 (four) board meetings were convened and held on the following day:

1. May 13, 2015;
2. July 30, 2015;
3. November 3, 2015; and
4. January 22, 2016.

The intervening gap between the meetings was within the period prescribed under the Act.

All independent directors have given declarations that they meet the criteria of independence as laid down under Section 149 of the Act which has been relied on by your Company and placed at the board meeting held on May 16, 2016.

Your Company has also laid down policies to identify persons who are qualified to become directors and who may be appointed in senior management.

Retirement by rotation

In terms of Section 152 of the Act, Mrs. Prachi Mehta, would retire by rotation at the forthcoming meeting and is eligible for re-appointment. Mrs. Prachi Mehta has offered herself for re-appointment.

Director's Report and Management Analysis (Contd.)

Share capital

During the year the share capital of your Company increased from ₹ 145,748,700 to ₹ 149,337,700 by allotment of 358,900 new shares issued under ESOP scheme of ₹ 10 each. Further, on April 6, 2016 your Company had allotted 52,950 shares under ESOP scheme and at present, the paid-up capital is ₹ 149,867,200 divided into 14,986,720 equity shares of ₹ 10 each.

Employee Stock Option Scheme

Your Company had implemented Employee Stock Option Scheme 2009 for the benefit of employees of your Company and its subsidiaries. The aforesaid scheme was approved by the members of your Company at the 18th AGM held on 31st August, 2009 and the scheme is monitored under the guidance of the members of nomination and remuneration 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 your 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 your Company are also covered under the above scheme.

The disclosures required to be made under relevant provisions of Act and the SEBI (Share Based Employee Benefits) Regulations, 2014 is given as Annexure-3 to this report including details on the grant, vesting, exercise, and lapsed options under the aforesaid ESOP schemes.

Auditors

Statutory auditors

At the 23rd AGM held on August 1, 2014, the members approved the appointment of M/s. Kirtane & Pandit, Chartered Accountants (Firm Registration Number: 105215W) Pune, as Statutory auditors for a period of three years commencing from the 23rd AGM till the conclusion of the AGM to be held in the year 2017 subject to the ratification by the members every year. As recommended by the audit committee, the board has proposed ratification of appointment of M/s. Kirtane & Pandit LLP, Chartered Accountants (Firm Registration Number: 105215W/ W100057) as Statutory auditors for fiscal 2017. The appointment is accordingly proposed in the notice of the current AGM vide item no. 3 for ratification by members.

Their report pursuant to audit for the financial year 2015-16 is enclosed along with the financials of your Company which includes their remarks and matter of emphasis which are self-explanatory.

Secretarial auditors

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the board, appointed M/s. Nilesh A. Pradhan & Co., a firm of Company Secretaries in Practice to undertake the secretarial audit of your Company for the financial year ended March 31, 2016. The secretarial audit report is annexed herewith as Annexure-2.

Their report envisages remarks in relation to non-appointment of key managerial personnel viz; Company Secretary and Chief Financial Officer, during the year under review.

Your directors wish to inform you that as a matter of process your Company has now appointed a qualified Company Secretary to take care of the secretarial and compliance of your Company, whereas, your Company is in search for a competent Chief Financial Officer and intend to appoint one in the current fiscal.

Internal control systems and their adequacy

Your Company has an internal control system, commensurate with the size, scale and complexity of its operations. Your Company has documented a robust and comprehensive internal control system for all the major processes to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedures, laws and regulations, safeguarding of assets and economical and efficient use of resources. The formalized system of control facilitates effective compliance as per Listing Obligations and relevant provisions of the Act.

Director's Report and Management Analysis (Contd.)

To maintain its objectivity and independence, the internal audit function reports to the Chairman of the audit committee of the board. The internal audit function monitors and evaluates the efficacy and adequacy of internal control system in your Company, its compliance with operating systems, accounting procedures and policies at all locations of your Company and its subsidiaries. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions there on are presented to the audit committee of the board. The audit committee also met your Company's Statutory Auditors to ascertain their views on the financial statements, including financial reporting system, compliance to accounting policies and procedures, the adequacy and effectiveness of internal controls and systems followed by your Company.

Business risk management

In line with the new regulatory requirements, your Company has formally framed a risk management plan/policy to identify and assess the risk areas, monitor and report compliance and effectiveness of the policy and procedure. A detailed exercise is being carried out to identify, evaluate, manage and monitoring of both business and non-business risk. This plan seeks to create transparency, minimize adverse impact on the business objectives and enhance your Company's competitive advantage. The business risk plan defines the risk management approach across the enterprise at various levels including documentation and reporting. The audit committee and board of directors periodically review the risks and suggest steps to be taken to control and mitigate the same through a properly defined framework.

Particulars of loans, guarantees or investments

Loans, guarantees and investments covered under Section 186 of the Act, form part of the notes to the financial statements provided in this annual report.

Fixed deposits

Your Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the date of the balance sheet.

Particulars of contracts or arrangements made with related parties

All contracts/ arrangements/ transactions entered by your Company during the financial year with related parties were on an arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Act and the Listing Obligations. There are no materially significant related party transactions made by your Company with promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of your Company at large. All related party transactions are placed before the audit committee of your Company, for its approval. A statement of all related party transactions is placed before the audit committee for its review on a quarterly basis, specifying the nature, value and terms and conditions of the transactions. Your Company has adopted a related party transactions policy. This policy, as approved by the Board, is uploaded on your Company's website; www.onwardgroup.com. There have been no materially significant related party transactions between your Company and directors, the management, subsidiaries or relatives.

Further, all transactions with related parties have been conducted at an arm's length basis and are in ordinary course of business. Accordingly there are no transactions that are required to be reported in Form AOC-2 and as such do not form part of this annual report.

Extract of Annual Return

The details forming part of the extract of the annual return in form MGT-9 is annexed herewith as Annexure-1 to this report.

Director's responsibility statement

The directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

Director's Report and Management Analysis (Contd.)

2. They have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;
3. They have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Act, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
4. They have prepared the annual accounts on a going concern basis;
5. They have laid down internal financial controls to be followed by your Company and that such internal financial controls are adequate and were operating effectively; and
6. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Board evaluation

Pursuant to the provisions of the Act and Listing Obligations, the board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its various committees. Independent directors at their separate meeting held during the year, reviewed the performance of non-independent directors of your Company as well as Chairman of your Company.

Pledge of shares

None of the equity shares of the directors of your Company are pledged with any banks or financial institutions.

Disclosures under the Act

1. Section 134 (3) (i):
No material changes and commitments which could affect your Company's financial position have occurred between the end of the financial year and date of this report.
2. Section 43 (a) (ii):
Your Company has not issued any shares with differential rights and hence no information as per provisions of Section 43 (a) (ii) of the Act read with Rule 4 (4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.
3. Section 54 (1) (d):
Your Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54 (1) (d) of the Act read with Rule 8 (13) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.
4. Section 62 (1) (b):
The disclosure required under Section 62 (1) (b) of the Act and rules made thereunder are provided as separate annexure marked as Annexure-3 to this report.
5. The board has constituted corporate social responsibility (CSR) committee which comprises of Mr. Pranay Vakil as Chairman; Mr. Harish Mehta and Mrs. Prachi Mehta as members. The board has also approved a CSR policy on recommendations of CSR committee. However, provisions of Section 135 of the Act, which relates to corporate social responsibility of your Company, are not applicable to your Company so far as it does not meet the criteria mentioned therein.
6. Your Company did not carry any material transaction during the year under review, and hence there were no particular changes in the business of your Company.
7. Your directors state that no disclosure or reporting is required in this respect as no significant or material orders were passed during the year under review by the regulators or courts or tribunals which impact the going concern status and Company's operations in future during the year under review.

Director's Report and Management Analysis (Contd.)**Disclosures as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

Your Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. Your Company is committed to providing equal opportunities without regard to their race, caste, sex, religion, colour, nationality, disability, etc. All women associates (permanent, temporary, contractual and trainees) as well as any women visiting your Company's office premises or women service providers are covered under this policy. All employees are treated with dignity with a view to maintain a work environment free of sexual harassment whether physical, verbal or psychological.

Your directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Listing information

The equity shares of your Company are listed on the following stock exchanges under the ISIN INE 229A01017:

BSE Limited: Scrip Code: 517536

National Stock Exchange of India Limited: Scrip Code: ONWARDTEC

Corporate governance

Your Company has taken appropriate steps and measures to comply with all the applicable provisions of the Listing Obligations on corporate governance. A detailed report on corporate governance along with a certificate of statutory auditors of your Company also forms part of this report.

Conversion of energy, technology absorption, foreign exchange earnings and outgo

A.		Conservation of Energy:	
	1	The steps taken or impact on conservation of energy	Your Company requires energy for its operations and the Company is making all efforts to conserve energy by monitoring energy costs and periodically reviews of the consumption of energy. It also takes appropriate steps to reduce the consumption through efficiency in usage and timely maintenance / installation / upgradation of energy saving devices.
	2	The steps taken by your Company for utilizing alternate sources of energy	
	3	The capital investment on energy conservation equipments	
B.		Technology Absorption, Adoption and Innovation:	
	1	The efforts made towards technology absorption	Your Company uses latest technology and equipments into the business. Further, your Company is not engaged in any manufacturing activities.
	2	The benefits derived like product improvement, manufacturing activities, cost reduction, product development or import substitution	
	3	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	
		(a) The details of technology imported	
		(b) The year of import	
		(c) Whether technology been fully absorbed?	
		(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	
	4	The expenditure incurred on Research and development	Your Company has not spent any amount towards research and developmental activities and has been active in harnessing and tapping the latest and the best technology in the industry.

Director's Report and Management Analysis (Contd.)

C. Foreign exchange earnings and outgo:

	2015-16	2014-15
Foreign exchange earnings	4,245.94 Lac	4,310.79 Lac
Foreign exchange outgo	1,888.10 Lac	1,530.26 Lac

Green initiatives in corporate governance

In line with the 'Green Initiative', your Company has effected electronic delivery of notice of AGM and annual report to those shareholders whose email ids were registered with the respective depository participants and downloaded from the depositories viz. National Securities Depository Limited/Central Depository Services (India) Limited. The Act and the underlying rules as well as Listing Obligations permit the dissemination of financial statements in electronic mode to the shareholders. Your directors are thankful to the shareholders for actively participating in the green initiative and seek your continued support for implementation of the green initiative.

Particulars of employees

The information required pursuant to Section 197 of the Act read with Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is furnished herewith in Annexure - 4.

Further, the information required pursuant to Section 197 of the Act read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of employees of your Company and directors is furnished hereunder:

Sr. no.	Name	Designation	Remuneration	Nature of employment whether contractual or otherwise	Qualification & Experience & Age	Date of Commencement of Employee	The last employment held by employee before joining Company	% of equity shares held by employee in the Company	Whether the employee is a relative of any Director, Manager of the Company. If yes provide the details
1	Harish Mehta	Chairman & Managing Director	₹ 8,385,804 p.a.	Permanent	Qualification: M.S.ELECTRICAL Experience: 38.4 years Age: 69 years	1-Jan-2006	NA	195,428 (1.31%)	Relative of Mr. Jigar Mehta, Chief Operating Officer and Mrs. Prachi Mehta, Director of the Company

Your Company's remuneration policy is directed towards rewarding performance based on review of achievements periodically. The same is in consonance with the existing industry practice.

Company's policy on directors' appointment and remuneration

Your Company recognizes the importance of aligning the business objectives with specific and measureable individual objectives and targets. Your Company has therefore formulated the criteria for rewarding its directors, key managerial personnel and other employees keeping in view the following objectives:

- Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, to run the Company successfully.
- Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
- Ensuring that remuneration involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

Director's Report and Management Analysis *(Contd.)*

Company's policy on directors appointment and remuneration including criteria for determining qualifications, positive attributes and independence of directors is also available on Company's website; www.onwardgroup.com.

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, Mr. Nandkumar Pradhan and Mrs. Prachi Mehta as members.

Acknowledgements

The directors hereby put on record their sincere gratitude towards the continued assistance and co-operation extended to your Company by its customers, stakeholders, suppliers, banks, financial institutions and various government authorities towards the growth of your Company.

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

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 16, 2016

Harish Mehta
Chairman

Director's Report and Management Analysis (Contd.)
Annexure - 1
Form No. MGT 9
Extract of annual return as on financial year ended March 31, 2016

**Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company
(Management and Administration) Rules, 2014**

I. Registration and other details:

i	CIN	L28920MH1991PLC062542
ii	Registration date	18/Jul/1991
iii	Name of the Company	Onward Technologies Limited
iv	Category/sub-category of the Company	Company having share capital
v	Address of the registered office and contact details	2 nd Floor, Sterling Centre, Dr. A.B. Road, Worli, Mumbai - 400018 Tel. No.: +91 22 2492 6570
vi	Whether listed Company	Yes
vii	Name, address and contact details of the registrar and transfer agent, if any	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: rnt.helpdesk@linkintime.co.in Contact person: Ms. Nayna Shashikant Wakle

II. Principal business activities of the Company

All the business activities contributing 10% or more of the total turnover of the Company shall be stated

Sr. No.	Name and description of main products/services	NIC code of the product/service	% to total turnover of the Company
1	Consultancy services	722	96.79

III. Particulars of holding, subsidiary and associate companies

Sr. No.	Name and address of the Company	CIN/GIN	Holding/ subsidiary/ associate	% of shares held	Applicable Section
1	Onward Network Technologies Private Limited	U72200MH1991PTC062761	Holding	56.66%	Section 2(46) Of Companies Act, 2013
2	Onward eServices Limited	U72900MH2003PLC140979	Subsidiary	100.00%	2(87) of Companies Act, 2013
3	Onward Properties Private Limited	U99999MH1987PTC045115	Subsidiary	100.00%	2(87) of Companies Act, 2013
4	Onward Technologies, Inc.		Subsidiary	100.00%	2(87) of Companies Act, 2013
5	Onward Technologies GmbH		Subsidiary	100.00%	2(87) of Companies Act, 2013

Director's Report and Management Analysis (Contd.)**IV. Shareholding pattern (Equity share capital break-up as % to total equity)**

Category of shareholders	Number of shares held at the beginning of the year				Number of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	669,310	–	669,310	4.59	674,310	–	674,310	4.52	(0.08)
b) Central Govt. or State Govt.	–	–	–	–	–	–	–	–	–
c) Bodies Corporates	8,490,311	–	8,490,311	58.25	8,970,508	–	8,970,508	60.07	1.82
d) Bank/FI	–	–	–	–	–	–	–	–	–
e) Any other	–	–	–	–	–	–	–	–	–
Sub total:(A) (1)	9,159,621	–	9,159,621	62.85	9,644,818	–	9,644,818	64.58	1.74
(2) Foreign									
a) NRI- Individuals	–	–	–	–	–	–	–	–	–
b) Other individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corporates	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any other	–	–	–	–	–	–	–	–	–
Sub total:(A) (2)	–	–	–	–	–	–	–	–	–
Total shareholding of promoter (A)= (A)(1)+(A)(2)	9,159,621	–	9,159,621	62.85	9,644,818	–	9,644,818	64.58	1.74
B. Public shareholding									
(1) Institutions									
a) Mutual funds	150	3,600	3,750	0.03	150	3,600	3,750	0.03	(0.00)
b) Banks/FI	250	100	350	0.00	250	100	350	0.00	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt.	–	–	–	–	–	–	–	–	–
e) Venture Capital Fund	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIS	550,000	–	550,000	3.77	550,000	–	550,000	3.68	(0.09)
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub total:(B) (1)	550,400	3,700	554,100	3.80	550,400	3,700	554,100	3.71	(0.09)
(2) Non Institutions									
a) Bodies corporates									
i) Indian	807,904	6,900	814,804	5.59	526,496	6,900	533,396	3.57	(2.02)
ii) Overseas	1,250	–	1,250	0.01	1,250	–	1,250	0.01	(0.00)
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 Lac	2,138,002	205,829	2,343,831	16.08	2,228,914	201,479	2,430,393	16.27	0.19
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 Lac	1,618,450	–	1,618,450	11.10	1,365,647	–	1,365,647	9.14	(1.96)
c) Others (specify)	–	–	–	–	–	–	–	–	–
c) i) Clearing Member	44,898	–	44,898	0.31	47,024	–	47,024	0.31	0.01
c) ii) Non Resident Indian (Repat)	13,236	6,350	19,586	0.13	11,883	6,350	18,233	0.12	(0.01)
c) iii) Non Resident Indian (Non Repat)	18,330	–	18,330	0.13	23,165	–	23,165	0.16	0.03
c) iv) Hindu Undivided Family	–	–	–	–	315,744	–	315,744	2.11	2.11
Sub total:(B) (2)	4,642,070	219,079	4,861,149	33.35	4,520,123	214,729	4,734,852	31.71	(1.65)
Total public shareholding (B)= (B)(1)+(B)(2)	5,192,470	222,779	5,415,249	37.15	5,070,523	218,429	5,288,952	35.42	(1.74)
C. Shares held by custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand total (A+B+C)	14,352,091	222,779	14,574,870	100.00	14,715,341	218,429	14,933,770	100.00	(0.00)

Director's Report and Management Analysis (Contd.)

(ii) Share holding of promoters

Sr. No.	Shareholders name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		Number of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	Number of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	
1	Onward Network Technologies Private Limited	8,138,728	55.84	—	8,461,925	56.66	—	0.82
2	Desai Finwealth Investments and Securities Private Limited	351,583	2.41	—	508,583	3.41	—	0.99
3	Harish Shantital Mehta	289,428	1.99	—	195,428	1.31	—	(0.68)
4	Jigar Harish Mehta	199,644	1.37	—	199,644	1.34	—	(0.03)
5	Heral Harish Mehta	132,186	0.91	—	187,186	1.25	—	0.35
6	Prachi Harish Mehta	34,052	0.23	—	78,052	0.52	—	0.29
7	Harish Shantital Mehta (HUF)	14,000	0.10	—	14,000	0.09	—	(0.00)
	Total	9,159,621	62.85	—	9,644,818	64.58	—	1.74

(iii) Change in promoters' shareholding (specify if there is no change)

Sr. No.	Particulars	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
1	Onward Network Technologies Private Limited				
	At the beginning of the year	8,138,728	55.84	8,138,728	
	Change during the year	323,197	2.22	8,461,925	56.66
	At the end of the year			8,461,925	56.66
2	Desai Finwealth Investments and Securities Private Limited				
	At the beginning of the year	375,583	2.58	375,583	
	Change during the year	133,000	0.91	508,583	3.41
	At the end of the year			508,583	3.41
3	Harish Mehta				
	At the beginning of the year	289,428	1.99	289,428	
	Change during the year	(94,000)	(0.64)	195,428	1.31
	At the end of the year			195,428	1.31

Director's Report and Management Analysis (Contd.)

Sr. No.	Particulars	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
4	Jigar Mehta				
	At the beginning of the year	199,644	1.37	199,644	
	Change during the year	–	–	–	–
	At the end of the year			199,644	1.34
5	Heral Mehta				
	At the beginning of the year	132,186	0.91	132,186	
	Change during the year	55,000	0.38	187,186	1.25
	At the end of the year			187,186	1.25
6	Prachi Mehta				
	At the beginning of the year	34,052	0.23	34,052	
	Change during the year	44,000	0.30	78,052	0.52
	At the end of the year			78,052	0.52
7	Harish Mehta (HUF)				
	At the beginning of the year	14,000	0.10	14,000	
	Change during the year	–	–	–	–
	At the end of the year			14,000	0.09

(iv) Shareholding pattern of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs):

Sr. No.	For each of the top 10 shareholders	Share holding at the beginning of the Year		Cumulative share holding during the year	
		Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
1	Elara India Opportunities Fund Limited	550000	3.774	550000	3.68
2	Rishi Kajaria	–	–	250000	1.67
3	M. V. S. S. Narayanacharyulu	117600	0.807	127100	0.85
4	Wallfort Financial Services Limited	–	–	100000	0.67
5	Avinash Tantia	153189	1.051	90430	0.61
6	Saidpur Jute Company Limited	–	–	86927	0.58
7	Mohit Jain (HUF)	83057	0.570	83057	0.56
8	Manisha Ashok Chokhani	74828	0.513	74828	0.50
9	Jyoti Ketan Vakharia Ugrabhai V Patel	71000	0.487	71000	0.48
10	Maniben U Patel	64443	0.442	64443	0.43

Director's Report and Management Analysis (Contd.)

(v) Shareholding of directors and KMP

Sr. No.	For Each of the directors and KMP	Share holding at the beginning of the Year		Cumulative share holding during the year	
		Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
1	Harish Mehta				
	At the beginning of the year	289,428	1.99	289,428	
	Change during the year	(94,000)	(0.64)	195,428	1.31
	At the end of the year			195,428	1.31
2	Pradip Dubhashi				
	At the beginning of the year	12,500	0.09	12,500	
	Allotted Shares under the ESOP 2009 on 6 th October, 2015	5,000	0.03	17,500	0.12
	At the end of the year			17,500	0.12
3	Prachi Mehta				
	At the beginning of the year	34,052	0.23	34,052	
	Change during the year	44,000	0.30	78,052	0.52
	At the end of the year			78,052	0.52
4	Arun Meghani				
	He did not hold any shares at the beginning of the year and there were no transactions during the year				
5	Pranay Vakil				
	He did not hold any shares at the beginning of the year and there were no transactions during the year				
6	Nandkumar Pradhan				
	He did not hold any shares at the beginning of the year and there were no transactions during the year				

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Figures in ₹

	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal amount	123,915,953	20,125,125	–	144,041,078
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	123,915,953	20,125,125	–	144,041,078
Change in indebtedness during the financial year				
Additions	93,905,405	–	–	93,905,405
Reduction	39,899,867	(10,041,532)	–	49,941,399
Net Change	54,005,538	(10,041,532)	–	43,964,006
Indebtedness at the end of the financial year				
i) Principal amount	177,921,491	10,083,593	–	188,005,084
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	177,921,491	10,083,593	–	188,005,084

Director's Report and Management Analysis (Contd.)**VI. Remuneration of directors and key managerial personnel****A. Remuneration to Managing Director (MD), Whole Time Director (WTD) and/or Manager:**

Sr. No.	Particulars of remuneration	Name of the MD/WTD/ Manager	Amount (in ₹)
1	Gross salary	Mr. Harish Mehta (Chairman and Managing Director)	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.		8,357,004
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961		28,800
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		—
2	Stock option		—
3	Sweat equity		—
4	Commission		—
	as % of profit		—
	others (specify)		—
5	Others, please specify		—
	Total (A)		8,385,804
	Ceiling as per the Act		8,400,000

B. Remuneration to other directors:

Figures in ₹

Sr. No.	Particulars of remuneration	Name of the directors			Total
1	Independent directors	Mr. Pradip Dubhashi	Mr. Nandkumar Pradhan	Mr. Pranay Vakil	
	(a) Fee for attending board/committee meetings	460,000	480,000	455,000	1,395,000
	(b) Commission	—	—	—	—
	(c) Others, please specify	—	—	—	—
	Total (1)	460,000	480,000	455,000	1,395,000
2	Other non-executive directors	Mr. Arun Meghani	Mrs. Prachi Mehta		Total
	(a) Fee for attending/board committee meetings	425,000	420,000	—	845,000
	(b) Commission	—	—	—	—
	(c) Others, please specify.	—	—	—	—
	Total (2)	425,000	420,000	—	845,000
	Total (B) = (1 + 2)				2,240,000
	Total managerial remuneration				8,385,804
	Overall ceiling as per the Act				Within limits

C. Remuneration to Key Managerial Personnel other than MD/WTD/Manager: N. A.**VII. Penalties/Punishment/Compounding of Offences: None****VIII. Officers In Default: None**

Annexure II

SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016 (01-04-2015 to 31-03-2016)

To,
The Members,
Onward Technologies Limited,
Sterling Centre, 2nd Floor,
Dr. A.B. Road, Worli,
Mumbai- 400018

Dear Sirs,

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Onward Technologies Limited (hereinafter called “the Company”) and its subsidiary Companies in India and one Subsidiary Company in United States of America and One Subsidiary Company in Germany (hereinafter referred to as “the Subsidiary Company”). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/Statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by “the Company” and its subsidiary company and also the information provided by “the Company”, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company, during the audit period covering the financial year from 1st April, 2015 to 31st March, 2016 complied with the Statutory provisions listed hereunder and also that the Company and its subsidiary company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Onward Technologies Limited (“the Company”) and its Subsidiary Companies as given in **Annexure A** for the financial year from 1st April, 2015 to 31st March 2016 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder and The Companies Act, 1956 (the Old Act) and the rules made thereunder
- ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder
- iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of foreign direct investment, overseas direct investment
- v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 which came into effect from 15th May, 2015;
 - d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 which came into effect from 1st December, 2015;
 - e) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;
 - f) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not Applicable);

Secretarial Audit Report (Contd.)

- g) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable as the Company has not issued and listed debt securities during the financial year under review);
 - h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 (Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review);
 - i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable as the Company has not delisted /propose to delist any of its securities during the financial year under review.); and
 - j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable as the Company has not bought back /propose to buy back any of its securities during the financial year under review).
- vii) Other laws as applicable specifically to the Company: Industrial Laws, Product Laws, Manufacturing laws, pollution laws, Safety Laws and Other General and Commercial Laws including Labour Laws and Tax Laws.

As to the subsidiary companies, we have checked the compliances under the Companies Act, 2013 and Foreign Exchange Management Act, 1999. In the absence of the specific information, I am unable to comment on the compliances of other law(s) as may be applicable to the foreign subsidiary companies.

I have relied on the representation given by the Company's officials and applicability and compliance of the Act(s) as are given in **Annexure B**. I have not checked compliances of these Act(s) and have relied on certification(s) as provided to us by the management in this regard.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India which has come into effect from 1st July, 2015.
- (ii) The revised Listing Agreements entered into by the Company with Stock Exchange(s).

During the financial year from 1st April, 2015 to 31st March, 2016 under review the Company has generally complied with the provisions of the Act, Old Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation(s).

The Company has not appointed following Key Managerial Personnel as required under the provisions of Section 203 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- a) Company Secretary
- b) Chief Financial Officer (CFO)

During the year under review, the company did not have a qualified company secretary appointed as compliance officer of the company as required under Regulation 6 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

As a part of the process the Company has already appointed a qualified company secretary to look after secretarial and compliance department.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and has appointed woman Director as is required as per applicable clauses under Listing Agreement/ The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Secretarial Audit Report (Contd.)

Majority decision is carried through while wherever required, the dissenting member's views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there were no instances of:

- (i) Public / Rights / Preferential issue of shares / debentures / sweat equity.
- (ii) Redemption / buy-back of securities.
- (iii) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
- (iv) Foreign Technical collaborations.

I further report that during the audit period the Company has not undertaken events/ actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For **Nilesh A. Pradhan & Co.**,
Practicing Company Secretaries

Nilesh A. Pradhan

Proprietor

FCS No: 5445

COP No: 3659

Place: Mumbai

Date: May 16, 2016

*Note: This report should be read with my letter which is annexed as **Annexure C** and forms intergral part of this report.*

ANNEXURE – A

List of documents verified

1. Latest Memorandum & Articles of Association of the Company.
2. Annual Report for the financial year ended 31st March, 2015.
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee, Share Transfer Committee, Stakeholders' Relationship Committee and CSR Committee along with Attendance Register held during the period 1st April, 2015 to 31st March 2016 under report.
4. Minutes of General Body Meetings held during the period commencing from 1st April, 2015 to 31st March, 2016 under report.
5. Statutory Registers as follows
 - Register of Directors' Shareholding.
 - Register of charges.
 - Register of contracts.
 - Register of loans, guarantees and security and acquisition made by the Company.
6. Agenda papers submitted to all the Directors / Members for the Board Meetings and Committee Meetings.
7. Declarations received from the Directors of the Company pursuant to the provisions of 184 of the Companies Act, 2013.
8. e-Forms filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 1956 and Companies Act, 2013 and attachments thereof during the commencing from 1st April, 2015 to 31st March, 2016 under report.
9. Intimations / documents / reports / returns filed with the Stock Exchanges pursuant to the provisions of Listing Agreement/ The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the commencing from 1st April, 2015 to 31st March, 2016 under report.
10. Minutes of the proceeding of Board and General meeting of Onward Properties Private Limited and Onward Eservices Limited, Indian subsidiary.

Secretarial Audit Report (Contd.)**ANNEXURE – B****List of applicable laws to the Company**

Under the Major Group and Head

1. Factories Act, 1948;	12. Maternity Benefits Act, 1961
2. Apprenticeship Act, 1961;	13. Payment of Bonus Act, 1965.
3. Contract Labour (Regulations and Abolition) Act, 1970.	14. Negotiable Instruments Act, 1881
4. Employees provident fund scheme, 1952.	15. Payment of Gratuity Act, 1972.
5. Employees pension Scheme, 1995.	16. Workman's compensation Act, 1923.
6. Employees, Deposit linked Insurance scheme, 1976.	17. Public liability insurance Act, 1991.
7. Employees State Insurance Act, 1948.	18. Environmental (Protection) Act, 1986.
8. Industrial Dispute Act, 1947.	19. Noise pollution (Regulation and control) Rules, 2000.
9. Indian Contract Act, 1872.	20. Acts as prescribed under Direct Tax and Indirect Tax.
10. Indian Stamp Act, 1999.	21. Land Revenue laws of respective States;
11. Minimum Wages Act, 1948.	Local laws as applicable.

ANNEXURE -C

To,
The Members,
Onward Technologies Limited,
Sterling Centre, 2nd Floor,
Dr. A.B. Road, Worli,
Mumbai- 400018

My report of even date is to be read along with this letter

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believed that the processes and practices that I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Nilesh A. Pradhan & Co.**,
Practicing Company Secretaries

Nilesh A. Pradhan
Proprietor
FCS No: 5445
COP No: 3659

Place: Mumbai
Date: May 16, 2016

Secretarial Audit Report (Contd.)
Annexure - III

Disclosure of details pertaining to the shares allotted under Employees Stock Option Scheme 2009 (ESOP 2009) under the provisions of Section 62(1)(b) of the Companies Act, 2013 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 during the year under review:

Discription	ESOP 2009	
	2015-16	2014-15
Total number of shares covered by ESOP Scheme approved by the shareholders	35,000,000	35,000,000
Options granted	144,200	165,000
Options vested	568,062.5	402,150
Options exercised	89,725	82,012
The total number of shares arising as a result of exercise of option	358,900	328,050
Options forfeited	16,962.5	15,063
Options lapsed	1,725	6,963
Extinguishment or modification of options	None	None
The exercise price	₹ 10	₹ 10
Pricing formula	Face Value	Face Value
Variation of terms by exercise of options	None	None
Money realised by exercise of options	₹ 3,589,000	₹ 3,280,500
Total number of options in force	343,213	296,650
Employee - wise details of options granted to:		
Key managerial personnel and Senior Managerial Personnel:	None	None
Any other employee who receives a grant of options in any one year of option amounting to 5% or more of options granted during that year	None	None
Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants warrants and conversions) of the Company at the time of grant	None	None
Issued capital (excluding outstanding warrants and conversions of the Company at the time of grant.	149,337,700	145,748,700
Diluted EPS calculated in accordance with International Accounting Standards (IAS) 33	0.68	1.12

Annexure IV

THE INFORMATION REQUIRED PURSUANT TO SECTION 197 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 IS FURNISHED HEREUNDER:

The Ratio of remuneration of each director to the median remuneration of employees:

Median remuneration (A)	₹ 630000
Remuneration of Harish Mehta (Chairman and Managing Director) (B)	₹ 8385804
Ratio of A to B	13.31 times

The percentage increase in remuneration of each Director in the financial year:

Name of Director	Percentage increase in remuneration
Harish Mehta (Chairman and Managing Director)	No change

The percentage increase in the median remuneration of employees in the financial year:

Percentage increase in median remuneration	5.63%
--	-------

The number of permanent employees on the rolls of the Company: 779

Explanation on the relationship between average Increase in remuneration and the Company’s performance:	Factors considered while recommending increase in compensation:	
	1. Financial performance of the Company	
	2. Industry benchmarking	
	3. Contribution made by the employee	
Comparison of the remuneration of the key managerial personnel against the performance of the Company	The compensation of KMP (Directors) is in rational with the performance of the Company.	
Variations in the marke capitalization of the Copmany, price earing ratio as at the closing date of the current financial year and previos financial year and percentage increase over decrease in the market quotations of he shares of the Company in comprsion to the rate at which the Company came out with the last public offer in caew of listed companies.		
Particulars	As on March 31, 2016	As on March 31, 2015
Market capitaliastion	₹ 104.01	₹ 72.95 crore
Price to earning ratio	95.41	41.71
Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year	9%	
The key parameters for variable component of remuneration availed by the directors	None of the directors’ remuneration has variable components.	
Whether any employee is paid remuneration more the highest paid director of the Company	No	
The ratio of the remuneration of the highest paid director to that of the employees who are not director but receive remuneraion in excess of the highest paid director during the year	Not applicable	
Affirmation that the remuneration is as per the remuneration policy of the Company	Yes	

Annexure V

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part - A: Statement containing salient features of the financial statements of subsidiary companies

(Amount in ₹)

Sr. No.	Name of the subsidiary	Onward eServices Limited	Onward Technologies Inc.	Onward Technologies GmbH	Onward Properties Private Limited
1	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	Same as Parent Company	Same as Parent Company	Same as Parent Company	Same as Parent Company
2	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	INR	USD Rates for profit and loss ₹ 65.81; balance sheet ₹ 66.30	EURO Rates for profit and loss ₹ 72.44; balance sheet ₹ 75.01	INR
3	Share capital (including share application money) (₹)	156,200,000	95,169,663	21,598,542	500,000
4	Reserves and surplus	(120,975,160)	80,100,041	(29,981,094)	9,580,872
5	Total assets	231,321,979	231,033,122	20,187,518	10,108,410
6	Total liabilities	196,097,139	55,763,418	28,570,070	27,538
7	Investments	—	—	—	—
8	Turnover	399,957,138	673,813,388	54,562,895	—
9	Profit before taxation	18,080,584	4,137,672	323,010	(46,388)
10	Provision for taxation	—	1,548,246	—	—
11	Profit after taxation	18,080,584	2,589,426	323,010	(46,388)
12	Proposed dividend	—	—	—	—
13	% of shareholding	100	100	100	100

Note: There were no subsidiaries which were yet to commence operations or which were liquidated or sold during the year under review.

Part - B: Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

The Company did not have any Associate Companies or Joint Ventures during the year under review.

Further, there were no Associates or Joint Ventures which were yet to commence operations or which were liquidated or sold during the year under review.

Report on corporate governance for the year 2015-16

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 sub-serve 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as 'Listing Obligations').

A. Composition of the Board and other related information as on March 31, 2016:

Name of Director	Designation/ category	No. of directorships in other companies in India ¹	No. of other committee memberships/ chairmanship ²	No. of board meetings attended	Percent- age atten- dance	Last annual general meeting attended
Mr. Harish S. Mehta	Chairman & Managing Director/ Promoter Director	8	--	4	100%	Yes
Mrs. Prachi Mehta	Promoter/Non Independent/ Non-Executive	4	--	4	100%	Yes
Mr. Arun Meghani	Non Independent/ Non-Executive	3	1	4	100%	Yes
Mr. Pradip Dubhashi	Independent/ Non-Executive	5	(2)	4	100%	Yes
Mr. Pranay Vakil	Independent/ Non-Executive	6	1	4	100%	No
Mr. Nandkumar Pradhan	Independent/ Non-Executive	2	1	4	100%	Yes

¹ Includes private companies and section 8 companies, excluding Onward Technologies Limited.

² Includes membership/chairmanship (excluding Onward Technologies Limited) in audit committee and stakeholders' relationship committee of Indian public companies (listed or unlisted) as required under regulation 26 of listing obligations. Figures in brackets '()' indicate chairmanship.

Report on corporate governance for the year 2015-16 (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 one hundred and twenty days (120 days) between two 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. Information required as per Part A of Schedule II of the Listing Obligations are duly placed before the Board of Directors of 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 or collaboration
- 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
- Quarterly details of foreign exchange exposures and steps taken to mitigate the risk of adverse exchange rate movements
- Allotment of shares
- Application to Central Government in various matters relating to the Companies Act, 1956 & Companies Act, 2013
- Any other matters that require the approval of the shareholders

Four board meetings were held during the year ended 31st March, 2016. The board meetings were held on: 13th May, 2015, 30th July, 2015, 3rd November, 2015 and 22nd January, 2016, respectively.

Mrs. Prachi Mehta, Director of the Company, is daughter of Mr. Harish Mehta, Chairman and Managing Director of the Company. All other directors of the Company are in no relationship with each other.

Meeting of the Independent Directors of the Company was held on 19th February, 2016 where all the Independent Directors were present. Also, the Company has designed a familiarization programme for the independent directors of the company. All details required for Independent directors to familiarize themselves with the business and culture of the Company is available on the website of the Company: www.onwardgroup.com.

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.

Report on corporate governance for the year 2015-16 (Contd.)

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

Prohibition of insider trading policy:

The Company has a 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 quarterly and annual disclosure from the concerned persons.

Whistle blower policy:

The Company has a whistle blower policy as required under the Listing Obligations. 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.

Risk management:

The board of directors of the Company has designed risk management policy and guidelines to avoid events, situations or circumstances which may lead to negative consequences on the Company's businesses, and define a structured approach to manage uncertainty and to make use of these in their decision making pertaining to all business divisions and corporate functions.

C. Directors' membership in board committees:

None of the directors of the Company were members in more than ten 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.

D. Shares held by Non-Executive Directors of the Company:

Details in relation to shares and convertible instruments held by non-executive directors of the company as on March 31, 2016 are as follows:

Sr. No.	Name of Directors	Designation/ category	Number of shares/Convertible Instruments held
1	Mrs. Prachi Mehta	Promoter/Non Independent/Non-Executive	78052 shares
2	Mr. Arun Meghani	Non Independent/ Non-Executive	—
3	Mr. Pradip Dubhashi*	Independent/Non-Executive	17500 shares
4	Mr. Pranay Vakil	Independent/ Non-Executive	—
5	Mr. Nandkumar Pradhan	Independent/ Non-Executive	—

* Shares allotted Mr. Pradip Dubhashi is under company's Employee Stock Option Scheme 2009.

III. Committees of board of directors:

Your Company has constituted five committees of board of directors. These are:

- A. Audit committee
- B. Nomination and remuneration committee
- C. Stakeholders relationship committee
- D. Banking committee
- E. CSR committee

Report on corporate governance for the year 2015-16 (Contd.)

A. Audit committee:

1. Brief description of terms of reference:

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.
- 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 five Non-Executive Directors with Independent Directors forming the majority. The Chairman of the committee is an Independent Director. During the year under review, five meetings of the committee were held on: 13th May, 2015, 30th July, 2015, 3rd November, 2015, 22nd January, 2016 and 29th March, 2016 respectively.

Report on corporate governance for the year 2015-16 (Contd.)

The directors who are part of the audit committee as on March 31, 2016 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 and Non-Executive	5
Mr. Arun Meghani	Member	Non Independent and Non-Executive	4
Mrs. Prachi Mehta	Member	Non Independent and Non-Executive	4
Mr. Pranay Vakil	Member	Independent and Non-Executive	5
Mr. Nandkumar Pradhan	Member	Independent and Non-Executive	5

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

B. Nomination and remuneration committee:**1. Brief description of terms of reference:**

The broad terms of reference of the Nomination and remuneration committee are as under:

- a) To approve the policy on remuneration and commission/incentive remuneration payable to the managing director for each financial year.
- b) Frame policies for:
 - (1) Appointment and review of performance of personnel in the senior management of the Company comprising of the board and two levels directly below the board,
 - (2) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down,
 - (3) Recommend to the board their appointment and removal,
 - (4) Carry out evaluation of every director's performance.
- c) Such other matters as the board may from time to time request the nomination and remuneration committee to examine and recommend/approve.

2. Composition:

During the year under review, one meeting of the nomination and remuneration committee was held on 22nd January, 2016. The directors who are part of the nomination and remuneration committee as on March 31, 2016 and the attendance of each of the members of the committee are given below:

Name of director	Designation	Category	No. of meetings attended
Mr. Nandkumar Pradhan	Chairman	Independent and Non-Executive	1
Mr. Arun Meghani	Member	Non Independent and Non-Executive	1
Mr. Pradip Dubhashi	Member	Independent and Non-Executive	1
Mr. Harish Mehta	Member	Non Independent and Executive	1

3. Non-executive directors' remuneration details for the financial year ended March 31, 2016:

Name of the director	Sitting fees (₹)	Total (₹)
Mr. Pradip Dubhashi	460,000	460,000
Mr. Arun Meghani	425,000	425,000
Mr. Pranay Vakil	455,000	455,000
Mr. Nandkumar Pradhan	480,000	480,000
Mrs. Prachi Mehta	420,000	420,000

Report on corporate governance for the year 2015-16 (Contd.)

The Non-executive Directors of the company are paid remuneration by way of sitting fees for attending the meetings of the Board of Directors and its Committees. The sitting fees paid to the Non-executive Directors for attending meetings of Board of Directors and Audit Committee of Board of Directors is ₹ 50,000/- per meeting. Further, sitting fees for attending Nomination and Remuneration Committee and Stakeholders' Relationship committee and other committee meetings is ₹ 5,000/- per meeting. Beside the sitting fees they are also entitled to reimbursement of expenses. The Non-executive Directors of the Company are not paid any other remuneration or commission. The criteria for making above payments to non-executive directors is also available in company's remuneration policy which is uploaded on the company's website; www.onwardgroup.com.

During the year 2015-16, Mr. Pradip Dubhashi, Independent Director of the company was allotted 5,000 shares under the ESOP scheme 2009. Further, details of remuneration paid to Mr. Harish Mehta, Chairman and Managing Director of the Company for FY 2015-16 has been disclosed in the Directors Report.

4. Performance evaluation criteria for independent directors:

Your company has designed following criteria for performance evaluation of Directors including independent directors. Every independent director shall be evaluated on the basis of below mentioned criteria:

1. Attendance and contribution at Board and Committee meetings.
2. His/her stature, appropriate mix of expertise, skills, behavior, experience, leadership qualities, sense of sobriety and understanding of business, strategic direction to align company's value and standards.
3. His/her knowledge of finance, accounts, legal, investment, marketing, foreign exchange/ hedging, internal controls, risk management, assessment and mitigation, business operations, processes and Corporate Governance.
4. His/her ability to create a performance culture that drives value creation and a high quality of debate with robust and probing discussions.
5. Effective decisions making ability to respond positively and constructively to implement the same to encourage more transparency.
6. Open channels of communication with executive management and other colleague on Board to maintain high standards of integrity and probity.
7. Recognize the role which he/she is expected to play, internal Board Relationships to make decisions objectively and collectively in the best interest of the Company to achieve organizational successes and harmonizing the Board.
8. His/her global presence, rational, physical and mental fitness, broader thinking, vision on corporate social responsibility etc.
9. Quality of decision making on source of raw material/procurement of roughs, export marketing, understanding financial statements and business performance, raising of finance, best source of finance, working capital requirement, forex dealings, geopolitics, human resources etc.
10. His/her ability to monitor the performance of management and satisfy himself with integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders.
11. His/her contribution to enhance overall brand image of the Company.

5. Remuneration to Directors:

Directors' remuneration details for the financial year ended March 31, 2016 to executive director:

Name of the director	Salary and perquisites (₹)	Incentive (₹)	Sitting fees (₹)	Total (₹)
Mr. Harish Mehta, Chairman & Managing Director	8,385,804	Nil	Nil	8,385,804

Report on corporate governance for the year 2015-16 (Contd.)**C. Stakeholders' relationship 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 stakeholders' relationship committee comprises of three members. During the year under review, four board meetings of the committee were held on: 13th May, 2015, 30th July, 2015, 3rd November, 2015 and 22nd January, 2016, respectively.

Mr. Pradip Dubhashi, Independent and Non-Executive Director of the company is heading the committee. The composition of the shareholders'/investors' grievances committee is as under:

Name of director	Designation	Category	No. of meetings attended
Mr. Arun Meghani	Chairman	Non-Independent and Non-Executive	4
Mr. Nandkumar Pradhan	Member	Independent and Non-Executive	4
Mrs. Prachi Mehta	Member	Non Independent and Non-Executive	4

Status of complaints received during the accounting year ended 31st March, 2016:

Nature of complaints	Received	Resolved	Solved not to the satisfaction of Shareholder	Pending as on March 31, 2016
Relating to transfer, transmission, etc.	Nil	Nil	Nil	Nil
Other/miscellaneous	1	1	Nil	Nil
Total	Nil	Nil	Nil	Nil

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.

D) 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, meetings of the committee were held on 3rd November, 2015, 22nd January 2016 and 29th March 2016.

The composition of the banking committee is as under:

Name of director	Designation	Category	No. of meetings attended
Mr. Harish Mehta	Chairman	Non Independent and Executive	3
Mrs. Prachi Mehta	Member	Non Independent and Non-Executive	3
Mr. Pradip Dubhashi	Member	Independent and Non-Executive	3

Report on corporate governance for the year 2015-16 (Contd.)

E) CSR committee:

1. Brief description of terms of reference:

The scope of CSR committee is to discuss the matter relating to applicability of CSR regulations and considering the areas of CSR expenditures, etc.

2. Composition:

The CSR committee comprises of three members. The composition of the CSR committee is as under:

Name of director	Designation	Category
Mr. Pranay Vakil	Chairman	Independent and Non-Executive
Mr. Harish Mehta	Member	Non Independent and Executive
Mrs. Prachi Mehta	Member	Non Independent and Non-Executive

IV. General Body Meetings:

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

Financial year	Venue	Date	Time	Special resolution passed, If any
2012 – 13	The Victoria Memorial School for the Blind 73, Tardeo Road, Mumbai - 400 034	22 nd July, 2013	3.30 p.m.	Nil
2013 – 14	The Victoria Memorial School for the Blind 73, Tardeo Road, Mumbai - 400 034	1 st August, 2014	3.30 p.m.	Yes (2)
2014 – 15	The Victoria Memorial School for the Blind 73, Tardeo Road, Mumbai - 400 034	31 st July 2015	11.00 a.m.	Yes (5)

There was no resolution passed by the shareholders through postal ballot in the last financial year.

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

V. 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, 2016, 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.
- The company has well established vigil mechanism and has adopted Whistle Blower Policy to support the voice and discontent of its employees (and ex-employees) against the malpractices and misconduct if any followed or witnessed in the organization. Further, no personnel have been denied access to the audit committee of the company.
- Your company has complied with all the mandatory requirements and endeavor are made to adopt majority of the non-mandatory requirements under Listing Obligations.
- The company has adopted policy on determining Material subsidiaries. The web link to the said policy on the website of the company is http://www.onwardgroup.com/EDS/company_policies.html#view5.
- Your company has also adopted policy on dealing with related party transactions. The web link to the said policy on the website of the company is http://www.onwardgroup.com/EDS/company_policies.html#view5.

Report on corporate governance for the year 2015-16 (Contd.)**VI. Disclosure of discretionary requirements:**

Disclosures of discretionary requirements as per Part E of Schedule II read with Regulation 27 (1) of the Listing Obligations are as under:

1. Chairman of the Company is Mr. Harish Mehta. Being an Executive Director of the Company, requirements of having separate office for a non-executive chairman at the expense of the Company shall not apply.
2. Company shall endeavor to provide half yearly declarations on financial performance of the Company including significant events in last six months of operations.
3. Company strives towards having an unmodified audit opinion. Further, there has not been any modified audit opinions during the financial year 2015-16.
4. In our endeavor of having separate persons as Chairman and Managing Director of the Company, the Board of Director has proposed re-appointment of Mr. Harish Mehta as Chairman and Whole time Director (Executive Chairman) of the company and Mr. Jigar Mehta as Managing Director of the Company.
5. M/s. B. K. Khare and Co., internal auditors of the Company reports directly to the Audit committee of the Company.

VII. 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 Obligations. 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. The same are usually published in English newspaper, 'Business Standard' and Marathi newspaper 'Mumbai Lakshadeep'. These results and the corporate governance report 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 for wider dissemination.

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. Presentations whenever made to the Institutional Investors/ analysts at Investor Meets organized by the Company shall also be hosted on the website for wider dissemination.

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.

VIII. General shareholders' information: CIN: L28920MH1991PLC062542

Annual general meeting:

Date	: Monday, 18 th July, 2016
Time	: 3.30 p.m.
Venue	: Victoria Memorial School for the Blind 73, Tardeo Road, Mumbai - 400 034.
Financial year	: April 1, 2015 to March 31, 2016
Book closure dates	: 13 th July, 2016 to 18 th July, 2016 (both days inclusive)
Dividend payment date	: Will be paid within 30 days of declaration at the AGM to the shareholders as on the cut-off date, i.e. 12 th July, 2016.
Registered office	: Sterling Centre, 2 nd Floor Dr. A. B. Road, Worli, Mumbai - 400 018.

Report on corporate governance for the year 2015-16 (Contd.)

Stock exchange where equity shares listed	: BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001.
	National Stock Exchange of India Ltd. Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.
Stock Code	: BSE: 517536, NSE: ONWARDTEC
Group	: B1
Demat ISIN no. for CDSL and NSDL	: INE 229 A 01017
Listing fees	: The Company has paid annual listing fees to the above Stock Exchanges for the financial year 2015-16 and 2016-17.

Market price data: High/low during each month in the financial year 2015–16:

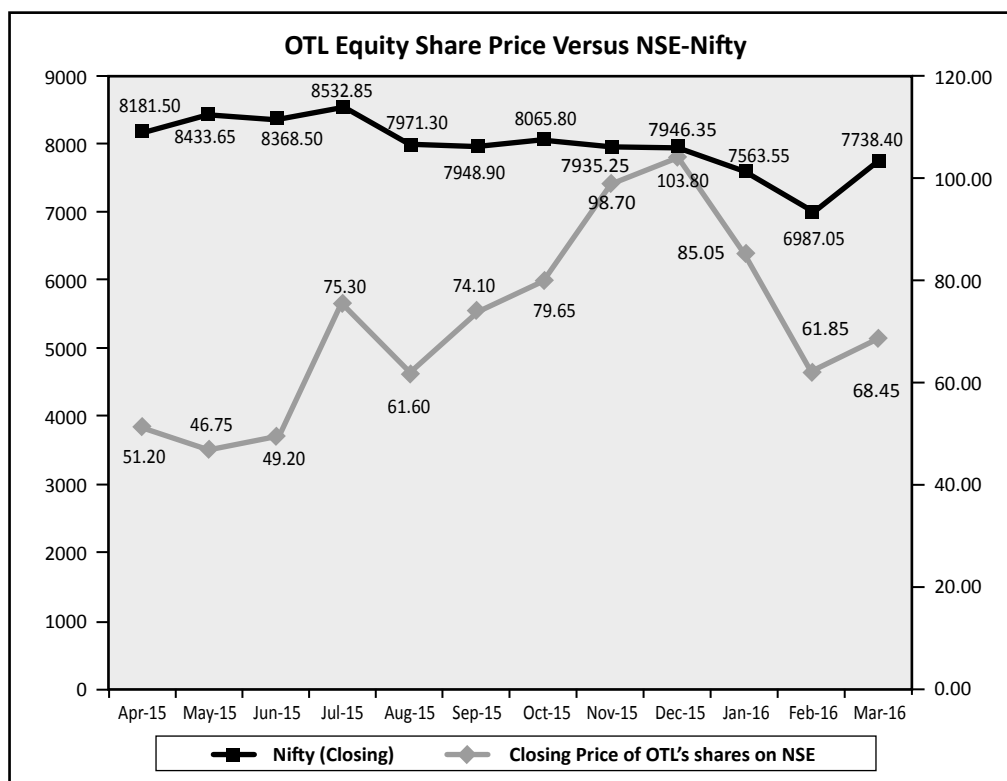
(₹)

Month	BSE		NSE	
	High	Low	High	Low
April, 2015	56.00	47.50	54.80	47.00
May, 2015	52.80	45.50	52.95	44.05
June, 2015	60.00	44.00	57.00	43.20
July, 2015	75.80	50.00	75.30	48.40
August, 2015	90.00	57.15	88.90	56.05
September, 2015	77.40	57.85	77.75	57.85
October, 2015	83.35	72.10	83.00	71.75
November, 2015	98.75	57.15	98.70	65.00
December, 2015	120.35	91.10	120.90	91.20
January, 2016	121.00	73.00	120.00	72.80
February, 2016	85.95	53.05	86.50	55.25
March, 2016	74.50	63.35	75.20	61.20

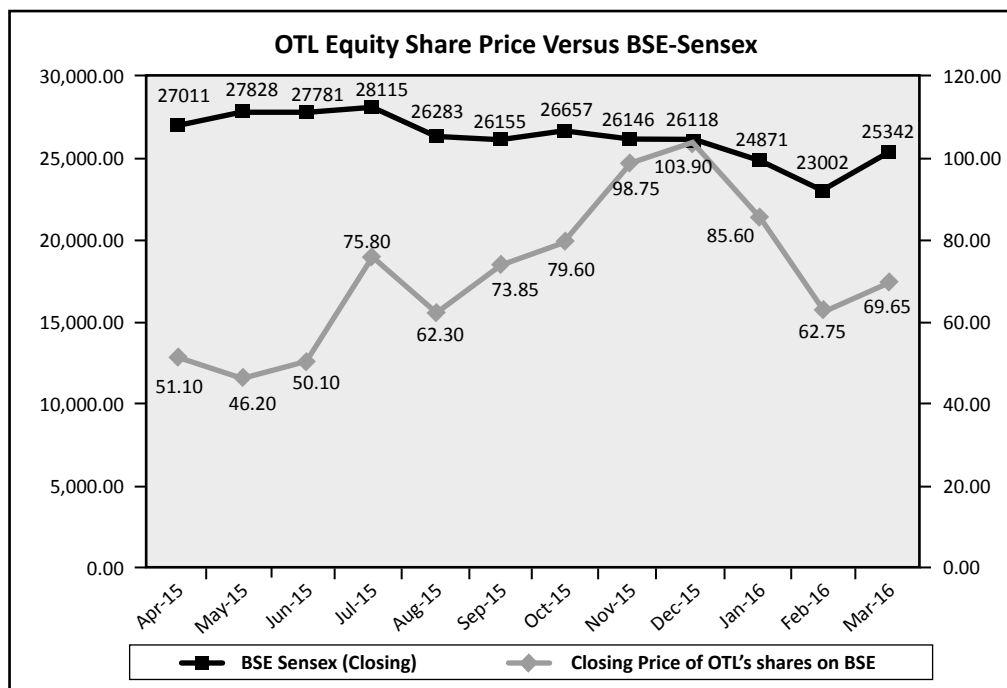
*Source: Website of BSE Ltd. and The National Stock Exchange of India Ltd.

Report on corporate governance for the year 2015-16 (Contd.)

Stock price performance in comparison to the NSE Nifty in the financial year 2015-16:



Stock price performance in comparison to the BSE Sensex in the financial year 2015-16:



Note: The securities of the company were not suspended from trading during the financial year 2015-16.

Report on corporate governance for the year 2015-16 (Contd.)

Registrar and share transfer agents (RTA)

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

In order to expedite the process of share transfer and for administrative convenience, the authority for all physical share transfers is delegated to Company's RTA. The transferee is required to furnish the transfer deed, duly completed in all respects, together with the share certificates to RTA at the above said address in order to enable RTA to process the transfer. As regards transfers of dematerialized shares, the same can be effected through the demat accounts of the transferor/s and transferee/s maintained with the recognized Depository Participants.

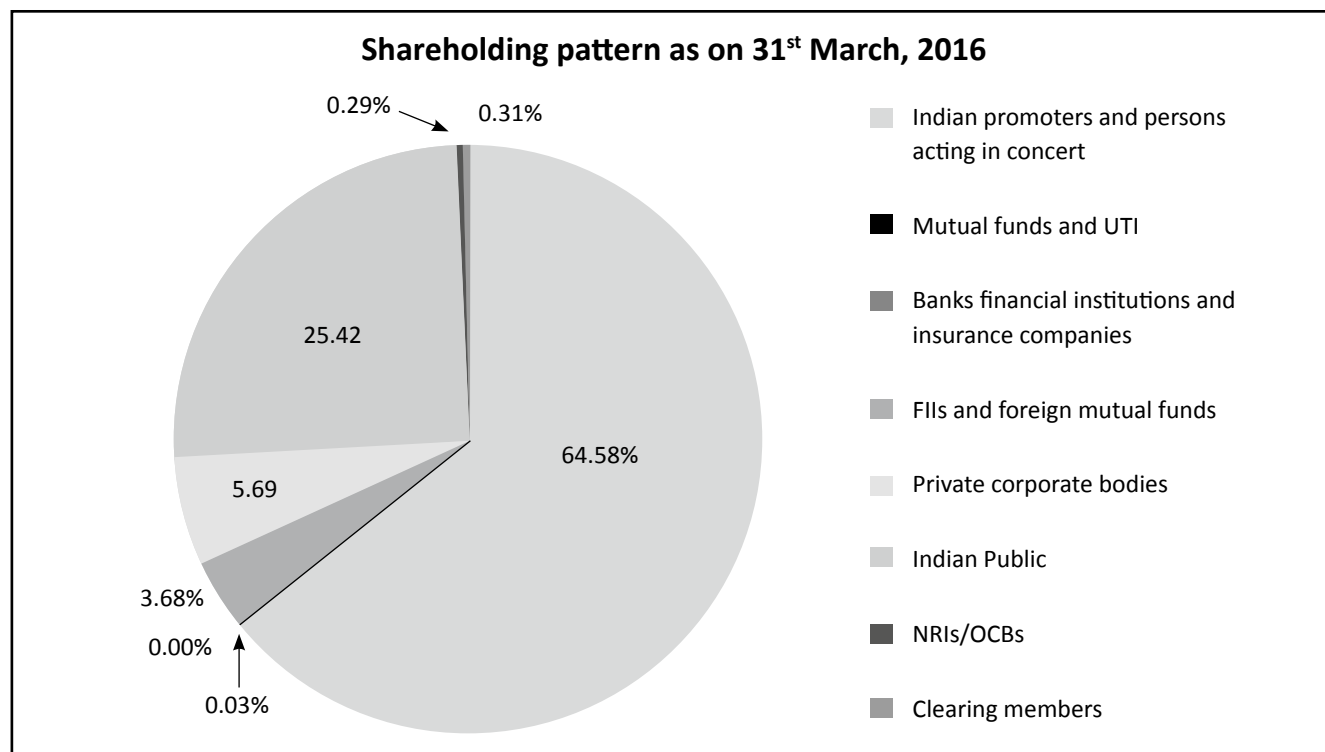
The Company also obtains certificate from a Practicing Company Secretary on half-yearly basis to the effect that all the transfers are completed within prescribed time from the date of lodgment of the transfer. A copy of the certificate so received is submitted to both the stock exchanges, where the shares of the Company are listed.

Distribution of shareholding as on 31st March, 2016:

Shareholding of nominal value (₹)	No. of share holders	% of share holders	Share Amount (₹)	% of shareholding
1 to 5,000	5518	83.3157	9533370	6.3838
5,001 to 10,000	551	8.3195	4460060	2.9866
10,001 to 20,000	252	3.8049	3688780	2.4701
20,001 to 30,000	98	1.4797	2541500	1.7018
30,001 to 40,000	48	0.7247	1714280	1.1479
40,001 to 50,000	38	0.5738	1806710	1.2098
50,001 to 100,000	55	0.8304	3984040	2.6678
100,001 to 9,999,999,999	63	0.9512	121608960	81.4322
Total	6623	100.00	149337700	100.00

Shareholding pattern as on 31st March, 2016:

Categories	No. of shares held	Percentage of shareholding (%)
Indian promoters and persons acting in concert	9644818	64.58
Mutual funds and UTI	3750	0.02
Banks financial institutions and insurance companies	350	0.002
FII's and foreign mutual funds	550000	3.68
Private corporate bodies	849140	5.69
Indian public	3796040	25.42
NRIs/OCBs	42648	0.29
Clearing members	47024	0.32
Total	14933770	100.00

Report on corporate governance for the year 2015-16 (Contd.)

De-materialization of shares and liquidity	As on March 31, 2016, 1,47,15,341 shares representing 98.54% of the paid-up share capital of the Company were in de-materialized 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 and share transfer agents of the Company. All queries pertaining to transfer, transmission, de-materialization 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: rnt.helpdesk@linkintime.co.in Contact person: Ms. Nayna Shashikant Wakle</p>

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 16, 2016

Harish Mehta
Chairman and Managing Director

CEO & CFO Certification

I, Mr. 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 2015–16 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.
5. We further declare that all Board members and senior managerial personnel have affirmed compliance with the Code of Conduct and Ethics for the year covered under this report.

Place: Mumbai
Date: May 16, 2016

Harish Mehta
Chairman and Managing Director

Auditor's certificate on Corporate Governance

To
The Members of Onward Technologies Limited

We have examined the compliance of conditions of Corporate Governance by Onward Technologies Limited ('the Company'), for the year ended 31st March 2016, as stipulated in:

- Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period from 1st April, 2015 to 30th November, 2015, and
- Regulations 17 to 27 and Clauses (b) to (i) of Sub-regulation (2) of Regulation 46 and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period from 1st December, 2015 to 31st March, 2016.

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 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 complied with the conditions of Corporate Governance as stipulated in the above-mentioned Regulations except the following:

- a. The Company has not appointed a whole time Company Secretary as required under the provisions of section 203 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- b. The company has not appointed a whole time Chief Financial Officer (CFO) as required under the provisions of section 203 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- c. The company has not appointed a Qualified Company Secretary as compliance officer of the company as required under regulation 6(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 LLP
Chartered Accountants
(Firm Registration Number: 105215W/ W100057)

Parag Pansare
Partner
Membership Number: 117309
 Mumbai, May 16, 2016

Independent Auditor's Report on Employees' Stock Option Schemes

We have examined the books of account for the financial year 2015-16 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 the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the resolutions of the Company in the Annual General Meeting held on 31st August, 2009.

For Kirtane & Pandit LLP
Chartered Accountants
(Firm Registration Number: 105215W/W100057)

Parag P. Pansare
Partner
Membership Number: 117309
 Mumbai, May 16, 2016

Independent Auditors' Report on Consolidated Financial Statements

**TO,
THE BOARD OF DIRECTORS
ONWARD TECHNOLOGIES LIMITED**

We have audited the accompanying consolidated financial statements of Onward Technologies Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Group as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Independent Auditors' Report on Consolidated Financial Statements (Contd.)

Emphasis of Matter

We draw attention to Note 40 to the consolidated financial statements which, describes the non appointment of key managerial personnel. Our opinion is not modified in respect of this matter.

Other Matters

We did not audit the financial statements of Onward Technologies, Inc. - USA, Onward Technologies GmbH - Germany and Onward eServices Limited - India, whose financial statements reflect total assets of ₹ 482,542,619 as at March 31, 2016, total revenues of ₹ 1,114,451,820 and net cash flows for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies incorporated in India are disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A";
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities - Refer Note 27 to the consolidated financial statements.

Independent Auditors' Report on Consolidated Financial Statements (Contd.)

- ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies incorporated in India.

For Kirtane & Pandit LLP*Chartered Accountants**Firm Registration Number: 105215W/W100057***Parag P. Pansare***Partner**Membership Number: 117309**Mumbai, May 16, 2016*

ANNEXURE-A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE ONWARD GROUP**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Onward Technologies Limited ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls system over financial reporting of the Company.

Independent Auditors' Report on Consolidated Financial Statements (Contd.)**Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Disclaimer of Opinion

According to the information and explanation given to us, the Holding Company and its subsidiary companies are in process of establishing/documenting its internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the group companies had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2016.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Holding Company and one subsidiary Company incorporated in India, and the disclaimer does not affect our opinion on the consolidated financial statements of the Company.

Other Matters

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one Indian subsidiary Company, viz. Onward eServices Limited is based on the corresponding reports of the auditor of such Company incorporated in India.

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration Number: 105215W/W100057

Parag P. Pansare

Partner

Membership Number: 117309

Mumbai, May 16, 2016

Consolidated balance sheet as at 31st March, 2016

Figures in ₹

Particulars	Notes	2016	2015
Equity and liabilities			
Shareholders' funds			
(a) Share capital	2	149,337,700	145,748,700
(b) Reserves and surplus	3	209,470,238	171,585,313
		<u>358,807,938</u>	<u>317,334,013</u>
Share Application Money	2C	522,500	290,000
Non-current liabilities			
(a) Long-term borrowings	4	25,226,520	107,400,862
(b) Long-term provisions	6	8,755,519	4,979,762
(c) Deferred tax liabilities (net)	5	2,623,424	–
		<u>36,605,463</u>	<u>112,380,624</u>
Current liabilities			
(a) Short-term borrowings	7	165,861,116	147,119,963
(b) Trade payables	8	38,866,315	54,985,029
(c) Other current liabilities	9	185,233,787	183,709,850
(d) Short-term provisions	10	121,046,346	67,386,211
		<u>511,007,564</u>	<u>453,201,053</u>
Total		<u>906,943,465</u>	<u>883,205,690</u>
Assets			
Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		61,363,029	73,615,400
(ii) Intangible assets		49,736,162	45,521,366
(b) Deferred tax assets (net)	5	–	10,090,180
(c) Long-term loans and advances	12	19,166,922	16,154,931
(d) Other non-current assets	13	189,410,517	189,195,206
		<u>319,676,630</u>	<u>334,577,083</u>
Current assets			
(a) Stock in trade	18A	–	3,231,629
(b) Trade receivables	14	383,597,788	389,599,049
(c) Cash and bank balances	15	24,433,915	22,610,773
(d) Short-term loans and advances	16	42,946,571	28,244,992
(e) Other current assets	17	136,288,561	104,942,164
		<u>587,266,835</u>	<u>548,628,607</u>
Total		<u>906,943,465</u>	<u>883,205,690</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 LLP
Chartered Accountants
Firm Registration Number: 105215W/W100057
Parag P. Pansare
Partner
Membership Number: 117309

Place : Mumbai

Date : May 16, 2016

For and on behalf of the Board of Directors
Harish Mehta
Chairman and Managing Director
Arun Meghani
Director
Pradip Dubhashi
Director

Consolidated statement of profit and loss for the year ended 31st March, 2016

Figures in ₹

Particulars	Notes	2016	2015
I. Revenue from operations	18	1,977,298,043	1,893,002,693
II. Other income	19	19,028,841	10,532,856
III. Stock in trade	18A	—	3,231,629
IV. Total revenue (I + II + III)		1,996,326,884	1,906,767,178
V. Expenses:			
Cost of software products	20	31,144,957	39,272,885
Employee benefits expenses	21	1,446,529,994	1,366,997,166
Finance costs	22	33,750,103	31,693,874
Depreciation and amortization expenses	11	38,227,297	53,032,153
Other expenses	23	365,294,122	369,846,235
Total expenses		1,914,946,473	1,860,842,313
VI. Profit before exceptional and extraordinary items and tax (IV - V)		81,380,411	45,924,865
VII. Exceptional items		—	—
VIII. Profit before extraordinary items and tax (VI - VII)		81,380,411	45,924,865
IX. Extraordinary items		—	—
X. Profit before tax (VIII - IX)		81,380,411	45,924,865
XI. Tax expenses:			
(1) Current tax		24,829,745	9,734,121
(2) MAT credit entitlement		—	—
(3) Previous year tax adjustment		12,211,728	13,580,575
(4) Wealth tax		—	10,562
(5) Deferred tax		12,477,687	(6,456,670)
XII. Profit for the period from continuing operations (X - XI)		31,861,251	29,056,277
XIII. Earnings per equity share:			
(1) Basic		2.16	2.02
(2) Diluted		2.01	1.89

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration Number: 105215W/W100057

Parag P. Pansare

Partner

Membership Number: 117309

Place : Mumbai

Date : May 16, 2016

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

Chairman and Managing Director

Arun Meghani

Director

Pradip Dubhashi

Director

Consolidated cash flow statement for the year ended 31st March, 2016

	Figures in ₹	
	2016	2015
(A) Cash flows from operating activities		
Profit before extra ordinary item and tax	81,380,411	45,924,865
Adjustments for:		
Depreciation	38,227,297	53,032,153
Deferred employees compensation expenses	10,972,018	8,406,448
Interest income	(8,578,908)	(5,283,584)
Net loss on sale of fixed assets	–	3,657,754
Finance cost	33,750,103	31,693,874
Operating profit before working capital changes	155,750,921	137,431,510
Adjustments for:		
Decrease/(increase) in trade receivables	6,001,261	2,234,157
Decrease/(increase) in stock in trade	3,231,629	(3,231,629)
Decrease/(increase) in other current/non-current assets	(31,561,708)	(47,038,574)
Decrease/(increase) in short-term/long-term loans and advances	(17,713,570)	32,115,950
(Decrease)/increase in current/non-current liabilities	(14,594,777)	26,559,536
(Decrease)/increase in short-term/long-term provisions	39,461,958	20,786,528
Cash generated from operations	140,575,714	168,857,478
Income tax provided	(49,519,160)	(16,868,588)
Net cash from operating activities (A)	91,056,554	151,988,890
(B) Cash flow from investing activities		
Purchase of fixed assets and investments	(30,189,719)	(62,036,783)
Proceeds from sale of fixed assets	235,916	1,065,438
Interest received	8,578,908	5,283,584
Net cash used in investing activities (B)	(21,374,895)	(55,687,761)
(C) Cash flow from financing activities		
Proceeds from issue of share capital	3,821,500	3,570,500
Proceeds from long-term borrowings	91,090,205	91,757,185
Repayment of long-term borrowings	(154,523,394)	(168,591,260)
Deferred tax expense	12,477,687	(6,349,260)
Finance cost	(33,750,103)	(31,693,874)
Net cash (used)/generated in financing activities (C)	(80,884,105)	(111,306,709)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(11,202,446)	(15,005,580)
Cash and cash equivalents opening balance	22,610,773	18,305,967
Changes in Foreign currency translation adjustments	13,025,588	19,310,386
Cash and cash equivalents closing balance	24,433,915	22,610,773

As per our report of even date

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration Number: 105215W/W100057

Parag P. Pansare

Partner

Membership Number: 117309

Place : Mumbai

Date : May 16, 2016

For and on behalf of the Board of Directors

Harish Mehta

Chairman and Managing Director

Arun Meghani

Director

Pradip Dubhashi

Director

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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 in terms of provisions of the Companies Act, 2013 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, for 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 prescribed under Schedule II of the Companies Act, 2013. In respect of intangible assets such as software, amortisation is provided over its license period ranging from two-six years. In case of vehicles purchased for the employees under employee car policy of the Company, the vehicles are transferred to the employees after three years and hence the useful life considered for such vehicles as three years.

Lease hold improvements are depreciated over the minimum lock in period of contract of lease.

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

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.

Translation of financial statements of the foreign subsidiaries from the local currency to the functional currency of the Company is performed for balance sheet accounts using the exchange rates in effect at balance sheet date and for revenue and expenses items using a monthly average exchange rates for the respective periods and the resulting difference is presented as foreign currency translation reserve included in reserves and surplus.

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).

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 recognised directly in hedging reserve and the ineffective portion is recognised immediately in statement of profit and loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the statement of profit and loss as they arise.

Notes to consolidated financial statements (Contd.)

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

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in reserves is transferred to statement of profit and loss.

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.

(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) Revenue from sale of products rendered through tele-communication network/courier are recognised on receiving confirmation of receipt from customer.

Notes to consolidated financial statements (Contd.)

- ii) In respect of income received from contracts dependent on time and material basis are recognised when related services are performed.
- iii) In case of fixed price contracts, revenue is recognised over the life of contract based on the mile 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 as unbilled revenue.
- vii) Revenue from services to overseas subsidiary companies are recognised in accordance with transfer pricing agreement entered with the subsidiary companies.

Other Income

- 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.
- iii) Income from notice pay recovery is recognised on accrual basis.

H. Principles of consolidation

The consolidated financial statements of the group are prepared in accordance with Accounting Standard 21 - 'Consolidated Financial Statements' as notified under section 133 of Companies act 2013, read with Rule 7 of the Companies (Accounts) Rules 2014.

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.

I. 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.

J. 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.

Notes to consolidated financial statements (Contd.)

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.

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.

K. 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.

L. Employee stock option scheme

In accordance with SEBI Regulation, 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".

M. 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.

N. 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

Figures in ₹

Particulars	Par value per share	2015		Issued/(reductions) during the year		2016	
		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	–	180,000,000	–	–	–	180,000,000
1,000,000 preference shares of ₹ 10 each	10	–	10,000,000	–	–	–	10,000,000
1,000,000 unclassified shares of ₹ 10 each	10	–	10,000,000	–	–	–	10,000,000
Total authorised capital		–	200,000,000	–	–	–	200,000,000
Issued, subscribed and paid-up:							
14,933,770 (14,574,870) equity shares of ₹ 10 each	10	14,574,870	145,748,700	358,900	3,589,000	14,933,770	149,337,700

A. 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.

1,329,750 (1,186,600) equity shares are outstanding under ESOP 2009 scheme as at balance sheet date; each share being fully paid equity share of ₹ 10 each.

B. Details of share holdings

Particulars	2016			2015		
	No of shares	Value	Holding (%)	No of shares	Value	Holding (%)
Share held by holding Company:						
Onward Network Technologies Private Limited	8,461,925	84,619,250	56.66	8,138,728	81,387,280	55.84
Holding more than 5%:						
Onward Network Technologies Private Limited	8,461,925	84,619,250	56.66	8,138,728	81,387,280	55.84

C. Share Application Money

Currently Company is in balance towards share application money which have received on 07.03.2016, 09.03.2016, 21.03.2016, 29.03.2016 & 31.03.2016 in anticipation to issue 52,250 (P.Y. 29,000) shares @ ₹ 10 per share under ESOP 2009 scheme amounting to ₹ 522,500 (P.Y. ₹ 290,000). Subsequently, the shares have been allotted on 06.04.2016.

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

Figures in ₹

Particulars	2016	2015
Securities premium account:		
Balance as per last financial statements	96,461,667	89,929,437
Add: Premium on issue of equity shares	12,007,915	6,532,230
Closing balance	108,469,582	96,461,667
Employee stock option plan outstanding (Refer Note - 34):		
Balance as per last financial statements	6,585,167	4,710,950
Add: Gross compensation for options granted during the year	75,960,058	49,017,531
Less: Deferred employee stock compensation	64,988,038	40,611,084
Less: Transferred to securities premium on exercise of stock options	12,007,915	6,532,230
Closing balance	5,549,272	6,585,167
Surplus/(deficit) at the beginning of the year:	27,375,950	4,377,244
Adjustment during the year on account of depreciation (for previous years) as per Companies Act, 2013	—	8,304,246
Add: Deferred tax adjustment pursuant to depreciation charged as per Companies Act, 2013	—	2,246,675
Less: Proposed dividend	14,933,770	—
Less: Dividend distribution tax	3,040,164	—
Add: Profit after tax for the year	31,861,251	29,056,277
Closing balance	41,263,267	27,375,950
Foreign currency translation reserve		
Opening balance	41,162,529	21,852,143
Add: Foreign exchange gain/(loss) during the year	13,025,588	19,310,386
Closing balance	54,188,117	41,162,529
Total	209,470,238	171,585,313

Note 4 - Long-term borrowings

Particulars	2016			2015		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Term loans:						
Term loans from banks	68,566,967	—	68,566,967	85,068,862	—	85,068,862
Less: Current maturities of long-term borrowings	43,340,447	—	43,340,447	39,774,028	—	39,774,028
Total long-term borrowings	25,226,520	—	25,226,520	45,294,834	—	45,294,834
Inter-corporate deposits from related parties:						
Onward Network Technologies Private Limited	—	—	—	—	62,106,028	62,106,028
Total	25,226,520	—	25,226,520	45,294,834	62,106,028	107,400,862

Maturity profile of term loans from banks:

Particulars	1-2 years	2-3 years	3-4 years	1-2 years	2-3 years	3-4 years
Term loans from bank (principal amounts repayable)	43,340,447	23,057,452	2,169,068	32,310,353	26,228,012	11,445,257

Notes to consolidated financial statements (Contd.)
Note 5 - Deferred tax assets/(liabilities) (net)

Figures in ₹

Particulars	2016	2015
Deferred tax liability:		
Fixed assets: impact of difference between WDV as per financial reporting and as per income tax reporting	(9,152,122)	(11,021,180)
Deferred tax assets:		
Deferred tax adjustment pursuant to depreciation charged as per Companies Act, 2013	–	2,246,675
Impact of expenditure disallowed as per financial statement but allowed for tax purposes on payment basis	6,528,698	5,415,017
Impact of carried forward losses	–	13,449,668
Total	(2,623,424)	10,090,180

Note 6 - Long-term provisions

Particulars	2016	2015
Provision for employee benefits (Refer Note - 29):		
Leave encashment	8,755,519	4,979,762
Total	8,755,519	4,979,762

Note 7 - Short-term borrowings (Refer Note - 37):

Particulars	2016	2015
	Secured	Secured
Secured borrowings:		
Cash credit from banks	165,861,116	147,119,963
Total	165,861,116	147,119,963

Note 8 - Trade payables

Particulars	2016	2015
Advance from customers	1,725,000	669,700
Trade payable for services and software:		
Due to micro, small and medium enterprises	–	26,230
Others	37,141,315	54,289,099
Total	38,866,315	54,985,029

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

Figures in ₹

Particulars	2016	2015
Earnest money and other deposits	129,800	169,800
Dues towards employees and ex-employees	73,906,780	71,631,473
Statutory liabilities	47,839,276	55,428,886
Term loans from banks (Current maturities of term loan)	43,340,447	39,774,028
Forward contracts (Refer Note - 1-D and 25)	1,315,000	411,250
Other contractual obligations	12,981,332	7,777,870
Remuneration payable to director [Refer Note -31 (c)]	374,979	-
Director sitting fee payable	-	22,500
Other payables	5,346,173	8,494,043
Total	185,233,787	183,709,850

Note 10 - Short-term provisions

Particulars	2016	2015
Provision for employee benefits (Refer Note - 29):		
Gratuity	16,180,322	16,792,525
Leave encashment	1,945,777	1,003,246
Others:		
Provision for income tax including MAT	84,946,313	49,579,878
Wealth tax	-	10,562
Proposed dividend	14,933,770	-
Dividend distribution tax	3,040,164	-
Total	121,046,346	67,386,211

Note 11 - Fixed assets:

Particulars	Gross block (at cost)				Depreciation				Net block	
	As at 1.4.2015	Additions during the year	Deletions during the year	Total as at 31.3.2016	Provided up to 31.3.2015	Depreciation for the year	Depreciation on deductions/ adjustment	Total up to 31.3.2016	As at 31.3.2016	As at 31.3.2015
Tangible assets (Owned):										
Furniture and fixtures	69,859,856	527,816	27,517,261	42,870,411	44,510,792	4,768,257	29,939,253	19,339,796	23,530,615	25,349,064
Vehicles	19,098,365	-	5,502,334	13,596,031	10,801,078	2,184,778	5,502,334	7,483,522	6,112,509	8,297,287
Office equipment	15,925,640	674,409	8,415,881	8,184,168	12,349,182	1,219,801	8,415,881	5,153,102	3,031,066	3,576,458
Electrical fittings	5,917,867	-	3,471,762	2,446,105	4,086,221	288,958	3,471,762	903,417	1,542,688	1,831,646
Instruments and accessories	453,566	-	453,566	-	453,566	-	453,566	-	-	-
Computers	428,486,955	10,462,997	323,590,906	115,359,046	407,599,391	12,272,175	323,590,908	96,280,658	19,078,388	20,887,564
Total	539,742,249	11,665,222	368,951,710	182,455,761	479,800,230	20,733,969	371,373,704	129,160,495	53,295,265	59,942,019
Assets under lease:										
Leasehold improvements	17,833,416	-	3,465,822	14,367,594	4,160,035	3,183,626	1,043,830	6,299,831	8,067,764	13,673,381
Total tangible assets	557,575,665	11,665,222	372,417,532	196,823,355	483,960,265	23,917,595	372,417,534	135,460,326	61,363,029	73,615,400
Intangible assets:										
Computer software	207,643,807	18,524,497	78,026,190	148,142,113	162,122,441	14,309,702	78,026,191	98,405,952	49,736,161	45,521,366
Development of software	85,150,372	-	85,150,372	-	85,150,372	-	85,150,372	-	-	-
Goodwill	2,733,645	-	2,733,645	-	2,733,645	-	2,733,645	-	-	-
Total intangible assets	295,527,824	18,524,497	165,910,207	148,142,114	250,006,458	14,309,702	165,910,208	98,405,952	49,736,162	45,521,366
Grand total	853,103,489	30,189,719	538,327,739	344,965,469	733,966,723	38,227,297	538,327,742	233,866,278	111,099,191	119,136,766

Note: During the financial year, the Company has discarded fixed asset amounting ₹ 425,198,284 after carrying out physical verification of all the fixed assets. All the assets were fully depreciated, so there was no impact on profit and loss during the year.

Notes to consolidated financial statements (Contd.)
Note 12 - Long-term loans and advances

Figures in ₹

Particulars	2016	2015
	Unsecured, considered good	Unsecured, considered good
Security deposits	19,166,922	16,154,931
Total	19,166,922	16,154,931

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

Note 13 - Other non-current assets

Particulars	2016	2015
	Unsecured, considered good	Unsecured, considered good
Advance income tax (IT)	189,410,517	189,195,206
Total	189,410,517	189,195,206

Note 14 - Trade receivables

Particulars	2016	2015
Unsecured:		
Debts outstanding for a period exceeding six months:		
Considered good	58,268,185	52,170,835
Less: Provision for doubtful debts	6,500,000	—
	51,768,185	52,170,835
Other debts:		
Considered good	331,829,603	337,428,214
Total	383,597,788	389,599,049

Note 15 - Cash and bank balances

Particulars	2016	2015
A) Cash and cash equivalents:		
Balance with banks	21,347,448	17,048,082
Cheques on hand and remittances in transit	—	2,035,371
Cash on hand	546,959	684,419
	21,894,407	19,767,872
B) Others:		
Margin money deposits for bank guarantees	2,539,508	2,842,901
Total	24,433,915	22,610,773

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

Figures in ₹

Particulars	2016	2015
	Unsecured, considered good	Unsecured, considered good
Prepayments	24,363,749	15,130,992
Advance paid to employees	13,368,868	9,634,332
Loans paid to employees	1,243,186	—
Other advances	—	3,434,756
Advance paid to supplier	42,768	44,912
Forward contracts (Refer Note - 1-D and 25)	3,928,000	—
Total	42,946,571	28,244,992

Note 17 - Other current assets

Particulars	2016	2015
	Unsecured, considered good	Unsecured, considered good
Interest income accrued on bank guarantee margins	21,843	27,783
Advance income tax (IT) and interest receivable on IT refund	86,040,442	69,329,290
Unbilled revenue	50,226,276	35,585,091
Total	136,288,561	104,942,164

Note 18 - Revenue from operations

Particulars	2016	2015
Income from software services and products:		
Professional and consultancy services	1,913,870,407	1,834,960,554
Software products	63,427,636	58,042,139
Total	1,977,298,043	1,893,002,693

Note 18A - Stock in trade

Particulars	2016	2015
Stock in trade:		
Software products	—	3,231,629
Total	—	3,231,629

Notes to consolidated financial statements (Contd.)
Note 19 - Other income

Figures in ₹

Particulars	2016	2015
Interest income	184,268	323,413
Interest on income tax refund	8,394,640	4,960,171
Profit on sale of fixed assets	259,747	685,355
Sales of scrap	—	73,543
Discount received from suppliers	1,712,205	1,177,097
Sundry provision and credit balance written back	1,688,613	210,237
Other non-operating income	6,789,368	3,103,040
Total	19,028,841	10,532,856

Note 20 - Cost of software products

Particulars	2016		2015	
	Value	%	Value	%
Software products and others:				
Imported	23,560,156	76	24,838,971	63
Indigenous	7,584,801	24	14,433,914	37
Total	31,144,957	100	39,272,885	100

Note 21 - Employee benefits expenses

Particulars	2016	2015
Salaries and wages	1,369,737,018	1,297,551,063
Contribution to provident and other funds	62,345,619	52,320,576
Staff welfare	3,475,339	8,719,079
Expenses on employee stock option plan (ESOP) [Refer Note - 34 (b)]	10,972,018	8,406,448
Total	1,446,529,994	1,366,997,166

Note 22 - Finance costs

Particulars	2016	2015
Interest cost	28,480,659	29,452,410
Other finance costs	5,269,444	2,241,464
Total	33,750,103	31,693,874

Notes to consolidated financial statements (Contd.)**Note 23 - Other expenses**

Figures in ₹

Particulars	2016	2015
Power and fuel	11,926,916	11,376,159
Rent	38,227,382	37,773,392
Repairs to premises	4,656,419	6,139,951
Repairs to others	2,947,804	2,017,650
Printing and stationery	1,270,710	1,085,356
Interest on statutory dues	1,943,136	2,973,916
Recruitment expenses	498,211	322,563
Security charges	490,239	362,238
Insurance	7,633,996	6,146,504
Conveyance reimbursement - AMC projects	29,422,104	12,561,912
Conveyance reimbursement - other projects	11,577,362	3,122,036
Local - Travel/Conveyance/Lodging/Boarding	15,337,591	11,308,782
Foreign - Travel/Lodging/Boarding	42,599,429	30,283,127
Travelling and conveyance - overseas subsidiaries	21,695,500	26,618,973
Communication cost	8,947,207	9,173,195
Bad debts	3,919,446	34,766,896
Provision for bad and doubtful debts	6,500,000	—
Rates and taxes, excluding, taxes on income	2,321,981	3,389,310
Advertisement and sales promotion	9,839,050	5,282,240
Spares consumptions	4,997,137	2,034,205
Professional fee - technical	39,203,006	14,872,587
Legal and professional fee - non-technical	10,779,946	16,591,487
Data entry charges	14,864,134	1,722,016
Service professional charges	11,605,996	26,547,640
Consultancy charges	6,694,078	12,047,212
Director sitting fees	3,300,000	1,445,000
Net gain/(loss) on foreign currency transactions and translations	2,084,853	30,602,891
Payments to the auditor:		
(a) as auditors	416,854	501,854
(b) for other services	400,321	176,799
(c) for reimbursement of expenses	53,273	26,927
Office expenses	2,415,950	8,367,771
Leasing and hiring charges	18,988,742	17,524,111
Loss on sale of fixed assets	—	4,343,109
Sundry debit balance written off	46,899	8,991,460
Prior period items	7,001,131	5,106,900
Miscellaneous expenses	20,687,319	14,240,066
Total	365,294,122	369,846,235

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. Other commitments

Derivatives instrument	Amount outstanding as on March 31		Purpose
	2016	2015	
Forward contract	\$1,700,000	\$350,000	Forward contract against USD receivable

The Company did not have any long-term derivative contract for which there were material foreseeable losses.

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

27. Contingent liabilities not provided for

Particular	Year ended March 31 (₹)	
	2016	2015
Counter guarantees given by the Company against the bank guarantees issued by Company's bankers	13,678,160	13,982,529
Less: 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. Fix deposits considered here are only for active guarantees and margins on expired guarantees are not considered.	1,696,370	2,215,027
Net amount	11,981,791	11,767,502
Corporate guarantees given by the Company for the loans taken by subsidiaries	56,506,591	101,459,730
Disputed income tax demand	48,482,500	48,482,500
Total	116,970,882	161,709,732

28. Holding of Onward Technologies Limited in its subsidiaries'

Name of the subsidiaries	Country of incorporation	Holding as on March 31	
		2016	2015
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%

29. 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 (₹)	
		2016	2015
1	Contribution to employees provident fund	31,191,078	27,024,489
2	Contribution to labour welfare fund	77,184	84,492
3	Contribution to E.S.I.C.	4,200,327	4,226,042
	Total	35,468,589	31,335,023

Notes to consolidated financial statements (Contd.)**2. Defined benefit plans/compensated absences – as per actuarial valuation on March 31, 2016**

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

Sr. #	Particulars	Gratuity (₹)	
		2016	2015
1	Obligations at period beginning	17,266,620	14,964,057
2	Current service cost	4,684,084	4,448,064
3	Interest cost	1,246,963	1,288,174
4	Actuarial (gain)/losses	(3,427,932)	(1,509,342)
5	Benefits paid	(2,848,378)	(1,924,333)
6	Past service cost (vested benefit)	–	–
7	DBO at period closing	16,921,357	17,266,620

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

Sr. #	Particulars	Gratuity (₹)	
		2016	2015
1	Opening fair value of plan asset at period beginning	474,095	552,811
2	Expected returns on plan assets	61,247	43,448
3	Actuarial gain/(losses)	(377,299)	(102,730)
4	Contribution by the employer	3,431,370	1,904,899
5	Benefits paid	(2,848,378)	(1,924,333)
6	Fair value of plan assets at period closing	741,035	474,095

c) Net assets/(liabilities) recognized in the balance sheet as at March 31, 2016

Sr. #	Particulars	Gratuity (₹)	
		2016	2015
1	Present value of funded obligations	16,921,357	17,266,620
2	Fair value of plan assets	741,035	474,095
3	Present value of unfunded obligations	(11,375,067)	(11,729,134)
4	Net assets/(liabilities) recognized in the balance sheet	(16,180,322)	(16,792,525)

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

Sr. #	Particulars	Gratuity (₹)	
		2016	2015
1	Current service cost	4,684,084	4,448,064
2	Interest on defined benefit obligation	1,246,963	1,288,174
3	Expected returns on plan assets	(61,247)	(43,448)
4	Actuarial (gains)/losses	(3,050,633)	(1,406,612)
5	Past service cost (vested benefit)	–	–
	Total	2,819,167	4,286,178

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 (₹)	
			2016	2015
1	Other/insurer managed funds	100	741,035	474,095

Notes to consolidated financial statements (Contd.)
f) 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).

g) Actuarial assumptions

Sr. #	Particulars	Year ended March 31	
		2016	2015
1	Discount rate	7.95%	7.85%
2	Expected return on plan asset	8.00%	8.00%
3	Retirement age	58 years	58 years
4	Salary escalation rate	3.00%	3.50%
5	Attrition rate	2.00%	2.00%

The rates given in above table are average of assumptions of Indian subsidiaries as per actuarial valuations.

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.

30. Managerial remuneration

Particular	Year ended March 31 (₹)	
	2016	2015
Salary and allowances	8,357,004	8,357,004

31. 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 and Managing Director Additional Director Related to Directors Related to Directors	Harish Mehta Prachi Mehta Jigar Mehta Arun Meghani

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 and promoter Companies	Total
Unsecured loans	– (–)	– (–)	5,800,000 (13,100,005)	5,800,000 (13,100,005)
Repayment of unsecured loans	– (–)	– (–)	67,906,028 (42,333,935)	67,906,028 (42,333,935)
Directors sitting fees	– (–)	1,245,000 (220,000)	– (–)	1,245,000 (220,000)
Interest paid during the year	– (–)	– (–)	3,530,926 (3,066,615)	3,530,926 (3,066,615)
Reimbursement of expenses	– (–)	– (–)	2,500 (–)	2,500 (–)
Rent	– (–)	– (–)	5,854,080 (9,000,000)	5,854,080 (9,000,000)
Deposit Paid	– (–)	– (–)	2,627,040 (–)	2,627,040 (–)
Salary and allowances	8,357,004 (8,357,004)	5,370,336 (5,567,136)	– (–)	13,727,340 (13,924,140)

(c) Balance outstanding at end of financial year

Credit balances outstanding				
Loans and advances	– (–)	– (–)	– (62,106,028)	– (62,106,028)
Salary and allowances	374,979 (–)	287,677 (–)	– (–)	662,656 (–)

32. Disclosure for 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 (₹)	
	2016	2015
Lease payment debited to statement of profit and loss	22,426,805	25,456,011
Lease obligation		
Up to 1 year	14,317,475	22,133,460
Greater than 1 year but less than 5 years	–	13,682,595

Notes to consolidated financial statements (Contd.)

33. 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	
	2016	2015
Profit/(loss) after tax (₹)	31,861,251	29,056,277
Profit/(loss) attributable to equity shareholders (₹)	31,861,251	29,056,277
Adjusted number of ordinary shares (face value ₹ 10)	14,740,061	14,420,102
Basic earnings per share (₹)	2.16	2.02
Weighted average number of shares in calculating diluted EPS	15,878,892	15,369,619
Diluted earnings per share (₹)	2.01	1.89
Number of shares outstanding under employee stock option plan	1,329,750	1,186,600
Fair value of shares during the year (₹)	69.65	50.05
Exercise price for share under option (₹)	10	10
Number of shares that would have been issued at fair value	193,790	237,083
Weighted average number of share under employee stock option plan	1,155,960	949,517

34. 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:

Particular	Year ended March 31	
	2016	2015
Options outstanding at the beginning of the year	296,650	235,688
Options granted during the year	149,200	165,000
Options forfeited/cancelled during the year	16,963	15,063
Options lapsed during the year	1,725	6,963
Options exercised during the year	89,725	82,012
Options outstanding at the end of the year	337,437	296,650
Shares exercisable at the end of the year	1,329,750	1,186,600

Notes to consolidated financial statements (Contd.)

- b) Stock options issued during the year have been accounted as per the accounting guidelines issued by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014. Accordingly, an amount of ₹ **10,972,018** (₹ 8,406,448) representing the current year charge has been debited to statement of profit and loss during the year under both plan.

35. a. The principal amount of working capital term loan repayable within a year is ₹ **3,410,222** (₹ 6,701,330).
b. The principal amount of term loan repayable within a year is ₹ **39,930,225** (₹ 33,072,699).

36. 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 and 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 and consultancy (including exports)	Software products – resale		
Segment revenue	19,140 (18,349)	633 (613)		19,773 (18,962)
Segment results	1,132 (1,170)	211 (115)		1,343 (1,285)
Other un-allocable expenditure, depreciation adjusted with other incomes			192 (509)	192 (509)
Segment result before interest and tax				1,151 (776)
Less: Finance costs				337 (317)
Profit before tax				814 (459)
Income tax expense/(income)				495 (169)
Add: Exceptional items				– (–)
Total profit after tax				319 (290)

Notes to consolidated financial statements (Contd.)

Secondary segment disclosures on the basis of geographical segments are as under:

₹ in Lac

Geographical segments	Year ended March 31	
	2016	2015
India	8,771	7,662
Europe	2,269	1,927
U.S.A.	8,733	9,373
Total	19,773	18,962

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.

37. a) Term loans including working capital term loans and foreign currency term loans sanctioned by Kotak Mahindra Bank Limited (KMBL) and Yes Bank Limited (YBL) 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 and 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). The term loans which were converted to foreign currency term loans carried interest rate of LIBOR plus 6%. Term loans taken from KMBL carries floating interest rate of 12% p.a. and from YBL carries floating interest rate of 11.50% 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) Long term loan (tenure of more than 24 months) has been taken from Onward Network Technologies Private Limited along with interest @ 12.25% p.a., for holding Company and @ 12.00% p.a. for the domestic subsidiary Company, which have been completely repaid during the year.
- d) Onward Technologies, Inc, USA (OTI) has obtained a \$ 1,500,000 equivalent to ₹ 99,449,550 @ 66.2997 per USD secured revolving credit facility from Bank of America N.A. to meet its working capital requirements which was renewed during the year. The duration of this facility is one year from October 2015. 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, 2016 was 4.50% (P. Y. 4.25%). As of March 31, 2016, the outstanding amount of this facility aggregated to \$ 400,000 equivalent to ₹ 26,519,880 @ 66.2997 per USD (P. Y. \$ 650,000 i.e. ₹ 43,094,805). 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 equivalent to ₹ 33,149,850 @ 66.2997 per USD. The receivable from parent Company at year end is \$ 1,093,720 i.e. ₹ 72,509,236 (P.Y. \$ 1,232,773 i.e. ₹ 76,448,073).

Notes to consolidated financial statements (Contd.)**38. Disclosure pursuant to the general circular # 2 dated February 8, 2011**

Figures in ₹

Particulars	OTI	OTG	OeSL	OPPL
Capital	95,169,663	21,598,542	156,200,000	500,000
Reserves	80,100,041	–	–	9,580,872
Total assets	231,033,122	20,187,518	231,321,979	10,108,410
Debit balance in P&L A/C	–	29,981,094	120,975,160	–
Total liabilities	55,763,418	28,570,070	196,097,139	27,538
Investments	–	–	–	–
Turnover	673,813,388	54,562,895	399,957,138	–
Profit/(loss) before tax	4,137,672	323,010	18,080,584	(46,388)
Provision for tax	1,548,246	–	–	–
Profit/(loss) after tax	2,589,426	323,010	18,080,584	(46,388)
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)

- 39.** All assets and liabilities have been classified as current or non-current as per the operating cycle criteria set out in the Schedule III of Companies Act, 2013. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.
- 40.** The Company has not yet appointed Key Managerial Personnel (KMP) - Company Secretary and Chief Financial Officer as required under provisions of section 203 read with Companies (Appointment and remuneration of Managerial person) Rules, 2014; however, all secretarial compliances are done by an independent Company Secretary firm.
- 41.** 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 LLP

Chartered Accountants

Firm Registration Number: 105215W/W100057

Parag P. Pansare

Partner

Membership Number: 117309

Place : Mumbai

Date : May 16, 2016

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

Chairman and Managing Director

Pradip Dubhashi

Director

Arun Meghani

Director

Independent Auditor's Report on Standalone Financials

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, 2016 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

The Company's Board of Directors is responsible for the preparation of these financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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, of the state of affairs of the Company as at March 31, 2016, and its profits and its cash flow for the year ended on that date.

Auditors' Report (Contd.)**Emphasis of Matter**

We draw attention to Note 39 to the financial statements regarding non appointment of key management personnel. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the **Annexure A** statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the financial statements have been kept so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the financial statements.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors of the Company as on March 31, 2016 taken on record by the Board of Directors, none of the directors of the Company is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 28 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 27 to the financial statements.
 - iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration Number: 105215W/W100057

Parag P. Pansare

Partner

Membership Number: 117309

Mumbai, May 16, 2016

Auditors' Report (Contd.)**ANNEXURE-A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF ONWARD TECHNOLOGIES LIMITED**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements')

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) During the year, the Management has carried out physical verification of all its fixed assets. Those fixed assets which were not physically traceable at the time of verification have been discarded from the books of accounts of the Company.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not own any immovable property.
- (ii) 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 purchased only if counter orders are received from the customers, thus it does not carry any physical inventories as on balance sheet date. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has granted unsecured loans to its wholly owned subsidiary which is a party covered in the Register maintained under Section 189 of the Act.
 - (a) The terms and conditions of the grant of this loan is not prejudicial to the Company's interest;
 - (b) No schedule of repayment of principal and payment of interest has been stipulated. However, there is an agreement mentioning repayment on mutually agreed upon terms.
 - (c) There is no amount overdue as at the year-end in respect to the loan granted.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act, with respect to the loans and investments made.
- (v) According to the information and explanations given to us and on the basis of our examination, the Company has not accepted any deposits from the public. As informed and represented to us no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunals. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Act, for any of the products and services rendered of the Company. Accordingly, paragraph 3(vi) of the Order is not applicable.
- (vii) (a) According to the records of the Company, the company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, Cess and Other Statutory dues. The Company has not provided for Bonus liability as per The Payment of Bonus (Amendment) Act, 2015 which came into force on December 31, 2015 having retrospective effect from April 1, 2014.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues were outstanding as at March 31, 2016 for a period of more than six months from the date they become payable.

Auditors' Report (Contd.)

- (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:

Name of Statute	Nature of Dues	Year	Amount Demanded ₹	Forum where dispute is pending
Income tax Act, 1961	Transfer Pricing Adjustments and disallowance u/s 43 (B)	FY 2007-08	48,482,500	ITAT (Appeals), Mumbai

- (viii) According to the information and explanations given to us and on the basis of our examination, the Company has not defaulted in repayment of loans or borrowing to any financial institution, bank, government or dues to debenture holders, wherever applicable.
- (ix) During the year, the Company has not raised any moneys by way of Initial Public Offer or Further Public Offer (including debt instruments). However, during the year, the Company has raised money by way of term loans which were completely applied for the purpose for which they were raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been reported during the year.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Kirtane & Pandit LLP*Chartered Accountants**Firm Registration Number: 105215W/W100057***Parag P. Pansare***Partner**Membership Number: 117309*

Mumbai, May 16, 2016

Auditors' Report *(Contd.)***ANNEXURE-B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF ONWARD TECHNOLOGIES LIMITED****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We were engaged to audit the internal financial controls over financial reporting of Onward Technologies Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Disclaimer of Opinion

According to the information and explanation given to us, the Company is in process of establishing/documenting its internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the

Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2016.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company, and the disclaimer does not affect our opinion on the standalone financial statements of the Company.

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration Number: 105215W/W100057

Parag P. Pansare

Partner

Membership Number: 117309

Mumbai, May 16, 2016

Balance sheet as at 31st March, 2016

Figures in ₹

Particulars	Notes	2016	2015
Equity and liabilities			
Shareholders' funds			
(a) Share capital	2	149,337,700	145,748,700
(b) Reserves and surplus	3	280,938,253	277,117,811
		<u>430,275,953</u>	<u>422,866,511</u>
Share Application Money	2C	522,500	290,000
Non-current liabilities			
(a) Long-term borrowings	4	35,310,113	57,798,394
(b) Long-term provisions	5	6,191,492	3,824,870
		<u>41,501,605</u>	<u>61,623,264</u>
Current liabilities			
(a) Short-term borrowings	7	113,807,411	53,932,331
(b) Trade payables	8	105,448,814	101,147,258
(c) Other current liabilities	9	112,895,125	102,267,779
(d) Short-term provisions	10	115,083,569	62,139,948
		<u>447,234,919</u>	<u>319,487,316</u>
Total		<u>919,534,977</u>	<u>804,267,091</u>
Assets			
Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		50,043,942	60,063,884
(ii) Intangible assets		50,023,748	45,028,695
(b) Non-current investments	12	283,660,870	284,273,515
(c) Deferred tax assets (net)	6	780,204	14,109,671
(d) Long-term loans and advances	13	113,880,135	26,775,210
(e) Other non-current assets	14	154,462,819	151,405,849
		<u>652,851,718</u>	<u>581,656,824</u>
Current assets			
(a) Stock in Trade	19A	—	3,231,629
(b) Trade receivables	15	128,021,104	118,745,626
(c) Cash and bank balances	16	12,703,176	11,959,334
(d) Short-term loans and advances	17	17,958,288	9,378,819
(e) Other current assets	18	108,000,691	79,294,859
		<u>266,683,259</u>	<u>222,610,267</u>
Total		<u>919,534,977</u>	<u>804,267,091</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 LLP
Chartered Accountants
Firm Registration Number: 105215W/W100057
Parag P. Pansare
Partner
Membership Number: 117309

Place : Mumbai

Date : May 16, 2016

For and on behalf of the Board of Directors
Harish Mehta
Chairman and Managing Director
Arun Meghani
Director
Pradip Dubhashi
Director

Statement of profit and loss for the year ended 31st March, 2016

		Figures in ₹	
Particulars	Notes	2016	2015
I. Revenue from operations	19	892,100,984	867,180,391
II. Other income	20	15,363,411	6,066,056
III. Stock in trade	19A	—	3,231,629
IV. Total revenue (I + II + III)		907,464,395	876,478,076
V. Expenses:			
Cost of software products	21	24,757,775	30,091,267
Employee benefits expenses	22	573,680,914	508,994,382
Finance costs	23	21,200,914	19,868,535
Depreciation and amortization expenses	11	33,690,489	47,509,189
Other expenses	24	195,341,033	240,260,577
Total expenses		848,671,125	846,723,950
VI. Profit before exceptional and extraordinary items and tax (IV - V)		58,793,270	29,754,126
VII. Exceptional items		—	—
VIII. Profit before extraordinary items and tax (VI - VII)		58,793,270	29,754,126
IX. Extraordinary items		—	—
X. Profit before tax (VIII - IX)		58,793,270	29,754,126
XI. Tax expenses:			
(1) Current tax		22,429,720	6,149,670
(2) MAT credit entitlement		—	—
(3) Previous year tax adjustment		12,211,728	13,580,575
(4) Wealth tax		—	10,562
(5) Deferred tax		13,329,466	(7,267,833)
XII. Profit for the period from continuing operations (X - XI)		10,822,356	17,281,152
XIII. Earnings per equity share:			
(1) Basic		0.73	1.20
(2) Diluted		0.68	1.12

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration Number: 105215W/W100057

Parag P. Pansare

Partner

Membership Number: 117309

Place : Mumbai

Date : May 16, 2016

For and on behalf of the Board of Directors

Harish Mehta

Chairman and Managing Director

Arun Meghani

Director

Pradip Dubhashi

Director

Cash flow statement for the year ended 31st March, 2016

Figures in ₹

	2016	2015
(A) Cash flows from operating activities		
Profit before extra ordinary item and tax	58,793,270	29,754,126
Adjustments for:		
Depreciation	33,690,489	47,509,189
Deferred employees compensation expenses	10,972,018	8,406,448
Interest income	(10,031,047)	(1,945,447)
Prior period adjustment in investment	612,645	–
Net loss on sale of fixed assets	–	3,657,754
Finance cost	21,200,914	19,868,535
Operating profit before working capital changes	115,238,289	107,250,605
Adjustments for:		
Decrease/(increase) in trade receivables	(9,275,478)	19,736,402
Decrease/(increase) in stock in trade	3,231,629	(3,231,629)
Decrease/(increase) in other current/non-current assets	(31,762,802)	(39,474,039)
Decrease/(increase) in short-term/long-term loans and advances	(95,684,394)	13,494,982
(Decrease)/increase in current/non-current liabilities/payables	14,928,902	15,297,301
(Decrease)/increase in short-term/long-term provisions	37,336,309	18,615,943
Cash generated from operations	34,012,455	131,689,565
Income tax provided	(47,970,914)	(12,472,974)
Net cash from operating activities (A)	(13,958,459)	119,216,591
(B) Cash flow from investing activities		
Purchase of fixed assets and investments	(28,665,600)	(57,434,044)
Proceeds from sale of fixed assets	–	1,065,438
Interest received	10,031,047	1,945,447
Net cash used in investing activities (B)	(18,634,553)	(54,423,159)
(C) Cash flow from financing activities		
Proceeds from issue of share capital	3,821,500	3,570,500
Proceeds from long-term borrowings	91,090,205	52,708,748
Repayment of long-term borrowings	(53,703,406)	(91,153,104)
Deferred tax expense	13,329,466	(7,267,835)
Finance cost	(21,200,914)	(19,868,535)
Net cash (used)/generated in financing activities (C)	33,336,854	(62,010,226)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	743,842	2,783,206
Cash and cash equivalents opening balance	11,959,334	9,176,128
Cash and cash equivalents closing balance	12,703,176	11,959,334

As per our report of even date

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration Number: 105215W/W100057

Parag P. Pansare

Partner

Membership Number: 117309

Place : Mumbai

Date : May 16, 2016

For and on behalf of the Board of Directors
Harish Mehta

Chairman and 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 in terms of provisions of the Companies Act, 2013 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) Revenue from sale of products rendered through tele-communication network/courier are recognised on receiving confirmation of receipt from the customers.
- ii) In respect of income received from contracts dependent on time and material basis are recognised when related services are performed.
- iii) In case of fixed price contracts, revenue is recognised over the life of contract based on the mile 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 recognised 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 as unbilled revenue.
- vii) Revenue from services to overseas subsidiary companies are recognised in accordance with transfer pricing agreement entered with the subsidiary companies.

Other income

- i) Dividend income is recognised 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.
- iii) Income from notice pay recovery is recognised on accrual basis.

Notes to financial statements (Contd.)

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.

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 prescribed under Schedule II of the Companies Act, 2013. In respect of intangible assets such as software, depreciation is provided over its license period ranging from two to six years. In case of vehicles purchased for the employees under employee car policy of the Company, the vehicles are transferred to the employees after three years and hence the useful life considered for such vehicles as three years.

Lease hold improvements are depreciated over the minimum lock in period of contract of lease.

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 recognised 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 statement of profit and loss, 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.

Notes to financial statements (Contd.)**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).

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 recognised directly in hedging reserve and the ineffective portion is recognised immediately in statement of profit and loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the statement of profit and loss as they arise.

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

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in reserves is transferred to statement of profit and loss.

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 recognised in the period in which the employee renders the related service.

Notes to 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 recognised 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 recognised 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 recognised 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. Earnings 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 or self assessed tax and tax expenses recorded earlier is accounted as previous year tax adjustment under statement of profit and loss.

Notes to financial statements (Contd.)

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.

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 and shown under previous year tax adjustments.

L. Employee stock option scheme

In accordance with SEBI Regulation, 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

Figures in ₹

Particulars	Par value per share	2015		Issued/(reductions) during the year		2016	
		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	–	180,000,000	–	–	–	180,000,000
1,000,000 preference shares of ₹ 10 each	10	–	10,000,000	–	–	–	10,000,000
1,000,000 unclassified shares of ₹ 10 each	10	–	10,000,000	–	–	–	10,000,000
Total authorised capital		–	200,000,000	–	–	–	200,000,000
Issued, subscribed and paid-up:							
14,933,770 (14,574,870) equity shares of ₹ 10 each	10	14,574,870	145,748,700	358,900	3,589,000	14,933,770	149,337,700

A. 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.

1,329,750 (1,186,600) equity shares are outstanding under ESOP 2009 scheme as at balance sheet date; each share being fully paid equity share of ₹ 10 each.

B. Details of share holdings

Particulars	2016			2015		
	No of shares	Value	Holding (%)	No of shares	Value	Holding (%)
Share held by holding Company:						
Onward Network Technologies Private Limited	8,461,925	84,619,250	56.66	8,138,728	81,387,280	55.84
Holding more than 5%:						
Onward Network Technologies Private Limited	8,461,925	84,619,250	56.66	8,138,728	81,387,280	55.84

C. Share Application Money

Currently Company is in balance towards share application money which have received on 07.03.2016, 09.03.2016, 21.03.2016, 29.03.2016 & 31.03.2016 in anticipation to issue 52,250 (P.Y. 29,000) shares @ ₹ 10 per share under ESOP 2009 scheme amounting to ₹ 522,500 (P.Y. ₹ 290,000). Subsequently, the shares have been allotted on 06.04.2016.

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

Figures in ₹

Particulars	2016	2015
Securities premium account:		
Balance as per last financial statements	96,461,667	89,929,437
Add: Additions on employee stock option plan	12,007,915	6,532,230
Closing balance	108,469,582	96,461,667
Employee stock option plan outstanding (Refer Note - 37):		
Balance as per last financial statements	6,585,167	4,710,950
Add: Gross compensation for options granted during the year	75,960,058	49,017,531
Less: Deferred employee stock compensation	64,988,038	40,611,084
Less: Transferred to securities premium on exercise of stock options	12,007,915	6,532,230
Closing balance	5,549,272	6,585,167
Surplus/(deficit) at the beginning of the year:	174,070,977	161,274,843
Less: Depreciation charged as per Companies Act, 2013	—	6,731,693
Add: Deferred tax adjustment pursuant to depreciation charged as per Companies Act, 2013	—	2,246,675
Less: Proposed dividend	14,933,770	—
Less: Dividend distribution tax	3,040,164	—
Add: Profit after tax for the year	10,822,356	17,281,152
Surplus at the end of the year	166,919,399	174,070,977
Total	280,938,253	277,117,811

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

Particulars	2016			2015		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Term loans:						
Term loans from banks	64,114,080	—	64,114,080	69,983,622	—	69,983,622
Less: Current maturities of long-term borrowings	38,887,560	—	38,887,560	32,310,353	—	32,310,353
Total long-term borrowings	25,226,520	—	25,226,520	37,673,269	—	37,673,269
Inter-corporate deposits from related parties:						
Onward Network Technologies Private Limited	—	—	—	—	10,010,532	10,010,532
Onward Properties Private Limited	—	10,083,593	10,083,593	—	10,114,593	10,114,593
Total	25,226,520	10,083,593	35,310,113	37,673,269	20,125,125	57,798,394

Maturity profile of term loans from banks:

Particulars	1-2 years	2-3 years	3-4 years	1-2 years	2-3 years	3-4 years
Term loans from bank (principal amounts repayable)	38,887,560	23,057,452	2,169,068	32,310,353	26,228,012	11,445,257

Notes to financial statements (Contd.)
Note 5 - Long-term provisions

Figures in ₹

Particulars	2016	2015
Provision for employee benefits (Refer Note - 32):		
Gratuity	–	–
Leave encashment	6,191,492	3,824,870
Total	6,191,492	3,824,870

Note 6 - Deferred tax assets (net)

Particulars	2016	2015
Deferred tax liability:		
Fixed assets: impact of difference between WDV as per financial reporting and as per income tax reporting	(5,529,307)	(7,001,689)
Deferred tax assets:		
Deferred tax adjustment pursuant to depreciation charged as per Companies Act, 2013	–	2,246,675
Impact of expenditure disallowed as per financial statement but allowed for tax purposes on payment basis	6,309,511	5,415,017
Impact of carried forward losses	–	13,449,668
Total	780,204	14,109,671

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

Particulars	2016	2015
	Secured	Secured
Secured borrowings:		
Cash credit from bank	113,807,411	53,932,331
Total	113,807,411	53,932,331

Note 8 - Trade payables

Particulars	2016	2015
Trade payable for services and software:		
Due to micro, small and medium enterprises	–	–
Related parties	82,528,195	76,448,073
Others	22,920,619	24,699,185
Total	105,448,814	101,147,258

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

Figures in ₹

Particulars	2016	2015
Advance from customers:		
From related party - Onward Technologies, Inc. [Refer Note - 34 (c)]	1,692,404	—
Others	1,725,000	669,700
Security deposits	50,000	90,000
Current maturities of term loans from banks (Refer Note - 30)	38,887,560	32,310,353
Dues towards employees and ex-employees	37,803,270	33,262,508
Statutory dues	20,986,032	25,246,883
Forward contracts (Refer Note - 1-E and 27)	1,315,000	411,250
Other contractual obligations	7,003,331	5,760,643
Remuneration payable to director [Refer Note - 34 (c)]	374,979	—
Director sitting fee payable	—	22,500
Other payables	3,057,549	4,493,942
Total	112,895,125	102,267,779

Note 10 - Short-term provisions

Particulars	2016	2015
Provision for employee benefits (Refer Note - 32):		
Gratuity	11,375,067	11,729,134
Leave encashment	1,513,242	820,374
Others:		
Provision for income tax including MAT	84,221,326	49,579,878
Wealth tax	—	10,562
Proposed dividend	14,933,770	—
Dividend distribution tax	3,040,164	—
Total	115,083,569	62,139,948

Notes to financial statements (Contd.)

Note 11 - Fixed assets

Figures in ₹

Particulars	Gross block (at cost)				Depreciation				Net block	
	As at 1.4.2015	Additions during the year	Deletions during the year	Total as at 31.3.2016	Provided up to 31.3.2015	Depreciation for the year	Depreciation on deletions/adjustment	Total up to 31.3.2016	As at 31.3.2016	As at 31.3.2015
Tangible assets (owned):										
Furniture and fixtures	50,997,663	342,588	25,843,643	25,496,608	34,343,040	3,077,063	25,843,643	11,576,460	13,920,148	16,654,623
Vehicles	18,142,162	–	4,546,131	13,596,031	9,844,875	2,184,778	4,546,131	7,483,522	6,112,509	8,297,287
Office equipment	12,099,414	660,874	7,475,843	5,284,445	9,092,500	991,803	7,475,843	2,608,460	2,675,985	3,006,914
Electrical fittings	5,437,709	–	3,010,804	2,426,905	3,606,063	288,958	3,010,804	884,217	1,542,688	1,831,646
Instruments and accessories	315,485	–	315,485	–	315,485	–	315,485	–	–	–
Computers	210,709,082	9,418,146	117,785,831	102,341,397	192,385,602	10,717,420	117,785,831	85,317,191	17,024,206	18,323,480
Total	297,701,515	10,421,608	158,977,737	149,145,386	249,587,565	17,260,022	158,977,737	107,869,850	41,275,536	48,113,950
Assets under lease:										
Leasehold improvements	15,035,581	–	–	15,035,581	3,085,647	3,181,528	–	6,267,175	8,768,406	11,949,934
Total tangible assets	312,737,096	10,421,608	158,977,737	164,180,967	252,673,212	20,441,550	158,977,737	114,137,025	50,043,942	60,063,884
Intangible assets:										
Computer software	135,103,442	18,243,992	61,825,447	91,521,987	90,074,747	13,248,939	61,825,447	41,498,239	50,023,748	45,028,695
Total intangible assets	135,103,442	18,243,992	61,825,447	91,521,987	90,074,747	13,248,939	61,825,447	41,498,239	50,023,748	45,028,695
Grand total	447,840,538	28,665,600	220,803,184	255,702,954	342,747,959	33,690,489	220,803,184	155,635,264	100,067,690	105,092,579

Note: During the financial year, the Company has discarded fixed asset amounting ₹ 213,758,520 after carrying out physical verification of all the fixed assets. All the assets were fully depreciated, so there was no impact on profit and loss during the year.

Note 12 - Non-current investments

Particulars	2016	2015
Investments in equity instruments (unquoted and non-trade)		
In subsidiaries:		
Onward eServices Limited		
15,620,000 (15,620,000) equity shares of ₹ 10 per share fully paid	156,200,000	156,200,000
Share application money	–	–
Onward Technologies GmbH	21,598,543	19,481,763
Share application money	–	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	283,660,870	284,273,515
Aggregate cost of unquoted investments	283,660,870	284,273,515
Total	283,660,870	284,273,515

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

Figures in ₹

Particulars	2016	2015
	Unsecured, considered good	Unsecured, considered good
Security deposits	10,626,262	7,705,210
Loan to Onward eServices Limited	103,253,873	19,070,000
Total	113,880,135	26,775,210

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

Note 14 - Other non-current assets

Particulars	2016	2015
	Unsecured, considered good	Unsecured, considered good
Advance income tax (IT)	154,462,819	151,405,849
Total	154,462,819	151,405,849

Note 15 - Trade receivables

Particulars	2016	2015
Unsecured:		
Debts outstanding for a period exceeding six months:		
Considered good	3,332,259	1,240,009
Other debts:		
Considered good	124,688,845	117,505,617
Total	128,021,104	118,745,626

Note 16 - Cash and bank balances

Particulars	2016	2015
A) Cash and cash equivalents:		
Balance with banks	11,506,504	9,089,543
Cheques on hand and remittances in transit	—	2,035,371
Cash on hand	245,902	28,811
	11,752,406	11,153,725
B) Others:		
Margin money deposits for bank guarantees	950,770	805,609
Total	12,703,176	11,959,334

Notes to financial statements (Contd.)
Note 17 - Short-term loans and advances

Figures in ₹

Particulars	2016	2015
	Unsecured, considered good	Unsecured, considered good
Prepayments	13,640,358	5,467,910
Advances paid to employees	347,162	3,865,997
Advances paid to suppliers	42,768	44,912
Forward contracts (Refer Note - 1-E and 27)	3,928,000	–
Total	17,958,288	9,378,819

Note 18 - Other current assets

Particulars	2016	2015
	Unsecured, considered good	Unsecured, considered good
Interest income accrued on bank guarantee margins	8,557	2,369
Interest receivable from Onward eServices Limited	–	330,568
Advance income tax (IT) and interest receivable on IT refund	71,666,030	52,899,929
Unbilled revenue	36,326,104	26,061,993
Total	108,000,691	79,294,859

Note 19 - Revenue from operations

Particulars	2016	2015
Income from software services and products:		
Professional and consultancy services	835,129,214	819,004,189
Software products	56,971,770	48,176,202
Total	892,100,984	867,180,391

Note 19A - Stock in trade

Particulars	2016	2015
Stock in trade:		
Software products	–	3,231,629
Total	–	3,231,629

Notes to financial statements (Contd.)**Note 20 - Other income**

Figures in ₹

Particulars	2016	2015
Interest income	6,232,679	487,447
Interest on income tax refund	3,798,368	1,458,000
Profit on sale of fixed assets	259,747	685,355
Sales of scrap	–	73,543
Discount received from suppliers	1,712,205	1,177,097
Sundry provision and credit balance written back	522,401	210,237
Other non-operating income	2,838,011	1,974,377
Total	15,363,411	6,066,056

Note 21 - Cost of software products

Particulars	2016		2015	
	Value	%	Value	%
Software products and others:				
Imported	23,560,156	95	24,838,971	83
Indigenous	1,197,619	5	5,252,296	17
Total	24,757,775	100	30,091,267	100

Note 22 - Employee benefits expenses

Particulars	2016	2015
Salaries and wages	537,813,095	477,661,790
Contribution to provident and other funds	23,077,849	21,866,677
Staff welfare	1,817,952	1,059,467
Expenses on employee stock option plan (ESOP) [Refer Note - 37 (b)]	10,972,018	8,406,448
Total	573,680,914	508,994,382

Note 23 - Finance costs

Particulars	2016	2015
Interest cost	16,259,318	18,765,285
Other finance costs	4,941,596	1,103,250
Total	21,200,914	19,868,535

Notes to financial statements (Contd.)

Note 24 - Other expenses	2016	2015
Power and fuel	11,078,636	9,907,749
Rent	19,270,770	22,266,655
Repairs to premises	4,165,741	3,512,723
Repairs to others	2,937,998	1,985,294
Insurance	2,441,963	1,599,399
Conveyance	2,044,815	3,002,969
Local - Travel/Lodging/Boarding	5,182,826	4,311,610
Foreign - Travel/Lodging/Boarding	42,599,429	30,283,127
Communication cost	4,527,908	4,310,921
Bad debts	224,805	19,330,794
Rates and taxes	2,313,481	2,714,444
Advertisement and sales promotion	32,075,093	28,047,707
Professional fee - technical	10,385,771	6,706,336
Legal and professional fee - non technical	7,149,396	14,657,342
Service professional charges	8,429,909	7,739,084
Director sitting fees	2,100,000	1,085,000
Net loss on foreign currency transactions and translations	2,084,853	30,603,247
Payments to the auditor:		
(a) as auditors	400,000	485,000
(b) for other services	400,000	165,000
(c) for reimbursement of expenses	53,273	26,928
Office expenses	2,383,714	2,707,112
Loss on sale of fixed assets	—	4,343,109
Leasing and hiring charges	18,274,549	16,599,379
Prior period items	2,358,437	4,646,799
Sundry balances written off	46,899	8,991,460
Miscellaneous expenses	12,410,768	10,231,389
Total	195,341,033	240,260,577

Notes to financial statements (Contd.)**Notes to financial statements**

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
	2016	2015	
Forward contract	\$1,700,000	\$350,000	Forward contract against USD receivable

The Company did not have any long-term derivative contract for which there were material foreseeable losses.

28. Contingent liabilities not provided for

Particular	Year ended March 31 (₹)	
	2016	2015
Counter guarantees given by the Company against the bank guarantees issued by Company's bankers	1,021,741	175,840
Less: 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. Fix deposits considered here are only for active guarantees and margins on expired guarantees are not considered.	263,578	175,840
Net amount	758,164	—
Corporate guarantees given by the Company for the loans taken by subsidiaries	56,506,591	101,459,730
Disputed income tax demand	48,482,500	48,482,500
Total	105,747,255	149,942,230

29. (A) Earnings in foreign currency

Particular	Year ended March 31 (₹)	
	2016	2015
Product sale	5,847,623	7,154,185
Software exports including consulting services and commissions	418,746,452	422,759,658
Total	424,594,075	431,078,859

(B) Expenditure in foreign currency

Particular	Year ended March 31 (₹)	
	2016	2015
Travelling	41,904,501	29,477,640
Professional fees	2,474,432	8,782,553
Communication	114,480	51,645
Salaries and bonus	85,864,795	62,106,176
Miscellaneous expenditure	1,178,922	579,871
Compensation premises	621,297	623,047
Marketing fees and technical support	28,587,169	24,491,644
Conveyance	551,973	77,447
Finance costs	3,951,913	1,996,999
Total	165,249,482	128,187,022

Notes to financial statements (Contd.)
(C) Value of import

Particular	Year ended March 31 (₹)	
	2016	2015
Software	23,560,156	24,838,971

30. a) The principal amount of working capital term loan repayable within a year is ₹ 3,410,222 (₹ 3,350,665).
 b) The principal amount of term loan repayable within a year is ₹ 35,477,338 (₹ 28,959,688).

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
2015	–	3,205	345,664
2016	–	10,230	469,682

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

As on 31 st March	Foreign currency payable		
	USD	GBP	EURO
2015	689,617	–	14,353
2016	1,146,083	1,498	156,130

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

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

Particular	Year ended March 31 (₹)	
	2016	2015
Contribution to employees provident fund	18,499,191	17,642,210
Contribution to E.S.I.C.	26,226	37,217
Contribution to labour welfare fund	40,608	36,828
Total	18,566,025	17,716,255

b) Defined benefit plans/compensated absences – as per actuarial valuation on March 31, 2016

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

Sr. #	Particulars	Gratuity (₹)	
		2016	2015
1	Obligations at period beginning	12,041,718	10,973,582
2	Current service cost	2,995,094	2,881,283
3	Interest cost	889,023	955,283
4	Actuarial (gains)/losses	(2,636,148)	(1,588,288)
5	Benefits paid	(1,576,535)	(1,180,142)
6	Past service cost (vested benefit)	–	–
7	DBO at period closing	11,713,152	12,041,718

Notes to financial statements (Contd.)

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

Sr. #	Particulars	Gratuity (₹)	
		2016	2015
1	Opening fair value of plan asset at period beginning	312,584	215,721
2	Expected returns on plan assets	34,201	34,248
3	Actuarial gains/(losses)	(238,566)	(362,142)
4	Contribution by the employer	1,806,401	1,604,899
5	Benefits paid	(1,576,535)	(1,180,142)
6	Fair value of plan assets at period closing	338,085	312,584

iii. Net assets/(liabilities) recognized in the balance sheet as at March 31, 2016

Sr. #	Particulars	Gratuity (₹)	
		2016	2015
1	Present value of funded obligations	11,713,152	12,041,718
2	Fair value of plan assets	338,085	312,584
3	Present value of unfunded obligations	(11,375,067)	(11,729,134)
4	Net assets/(liabilities) recognised in the balance sheet	(11,375,067)	(11,729,134)

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

Sr. #	Particulars	Gratuity (₹)	
		2016	2015
1	Current service cost	2,995,094	2,881,283
2	Interest on defined benefit obligation	889,023	955,283
3	Expected returns on plan assets	(34,201)	(34,248)
4	Actuarial (gains)/losses	(2,397,582)	(1,226,146)
5	Past service cost (vested benefit)	—	—
	Total	1,452,344	2,576,172

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 (₹)	
			2016	2015
1	Other/insurer managed funds	100	338,085	312,584

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 (₹)		
	2016	2015	2014
Defined benefit obligation	11,713,152	12,041,718	10,973,582
Plan assets	338,085	312,584	215,721
Surplus/(deficit)	(11,375,067)	(11,729,134)	(10,757,861)
Exp. Adj. on plan liabilities (loss)/gain	(1,049,253)	2,114,832	2,186,419
Exp. Adj. on plan assets (loss)/gain	238,566	(362,142)	16,329

Notes to financial statements (Contd.)

viii. Actuarial assumptions

Sr. #	Particulars	Year ended March 31	
		2016	2015
1	Discount rate	8.00%	7.90%
2	Expected return on plan asset	8.00%	8.00%
3	Retirement age	58 years	58 years
4	Salary escalation rate	3.00%	4.00%
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, Inc., USA Onward Technologies GmbH, Germany Onward eServices Limited, India Onward Properties Private Limited (erstwhile Shantmurli Holdings Private Limited), India
C.	Enterprise over which key management personnel exercise significant influence	Desai Finwealth Investments and Securities Private Limited Onward Software Technologies Private Limited
D.	Key management personnel and relatives Chairman and Managing Director Additional Director Chief operating officer and related to Directors Related to Directors	Harish Mehta Prachi Mehta Jigar Mehta Arun Meghani

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

Figures in ₹

Aggregate of transactions	Holding Company	Total
	Onward Network Technologies Private Limited	
Unsecured loans accepted	3,500,000 (8,100,005)	3,500,000 (8,100,005)
Repayment of unsecured loans	13,510,532 (25,989,821)	13,510,532 (25,989,821)
Interest paid during the year	314,034 (2,411,869)	314,034 (2,411,869)
Rent	5,854,080 (9,000,000)	5,854,080 (9,000,000)
Deposit paid	2,627,040 (-)	2,627,040 (-)

Aggregate of transactions	Subsidiary Companies				Total
	Onward Technologies, Inc., USA	Onward Technologies GmbH, Germany	Onward eServices Limited	Onward Properties Private Limited *	
Offshore services	210,419,011 (227,956,404)	54,602,167 (37,439,782)	- (-)	- (-)	265,021,178 (265,396,186)
Income from recruitment fees	- (8,835,778)	- (-)	- (-)	- (-)	- (8,835,778)
Income from management fees	11,649,031 (11,423,223)	2,964,273 (6,712,876)	- (-)	- (-)	14,613,304 (18,136,099)
Reimbursement of expenses received on behalf of	3,312,530 (1,770,068)	1,002,983 (400,094)	- (13,560)	8,500 (4,400)	4,324,013 (2,188,122)
Reimbursement of expenses paid on behalf of	15,369,262 (8,291,220)	- (-)	723,236 (-)	- (-)	16,092,498 (8,291,220)
Marketing fees expenses	17,178,079 (11,047,470)	11,409,090 (13,444,174)	- (-)	- (-)	28,587,169 (24,491,644)
Investment in equity shares (shares allotted against previous year's share application money)	- (-)	2,116,780 (-)	- (16,200,000)	- (-)	2,116,780 (16,200,000)
Advance given	- (-)	- (-)	- (-)	25,000 (-)	25,000 (-)
Unsecured loans given to	- (-)	- (-)	90,276,000 (19,070,000)	- (-)	90,276,000 (19,070,000)
Interest charged during the year on unsecured loans given	- (-)	- (-)	6,161,088 (367,298)	- (-)	6,161,088 (367,298)
Repayment of unsecured loans	- (-)	- (-)	6,092,127 (-)	31,000 (49,400)	6,123,127 (49,400)

Notes to financial statements (Contd.)

Figures in ₹

Aggregate of transactions	Relatives of Key Management Personnel				Total
	Harish Mehta	Prachi Mehta	Jigar Mehta	Arun Meghani	
Directors sitting fees	– (–)	420,000 (–)	– (–)	425,000 (150,000)	845,000 (150,000)
Salary and allowance	8,357,004 (8,357,004)	– (–)	5,370,336 (5,567,136)	– (–)	13,727,340 (13,924,140)

* Erstwhile Shantmurli Holdings Private Limited.

Credit balances outstanding	Enterprise over which key management personnel exercise significant influence		Total
	Onward Software Technologies Private Limited	Desai Finwealth Investments and Securities Private Limited	
Reimbursement of expenses	2,500 (1,200)	2,500 (1,200)	5,000 (2,400)

(c) Balance outstanding at end of financial year

Credit balances outstanding	Holding Company	Total
	Onward Network Technologies Private Limited	
Unsecured loan	– (10,010,532)	– (10,010,532)

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	– (–)	34,950,750 (23,004,616)	– (–)	– (–)	34,950,750 (23,004,616)
Loans and advance	– (–)	– (–)	103,253,873 (19,070,000)	– (–)	103,253,873 (19,070,000)
Interest receivable	– (–)	– (–)	– (330,568)	– (–)	– (330,568)
Investment in equity shares	95,169,663 (95,169,663)	21,598,543 (19,481,763)	156,200,000 (156,200,000)	10,692,664 (10,692,664)	283,660,869 (281,544,089)
Investment in equity shares pending for allotment	– (–)	– (2,729,425)	– (–)	– (–)	– (2,729,425)
Credit balances outstanding					
Unsecured loan	– (–)	– (–)	– (–)	10,083,593 (10,114,593)	10,083,593 (10,114,593)
Credit balance in trade receivables	1,692,404 (–)	– (–)	– (–)	– (–)	1,692,404 (–)
Trade payables	70,816,832 (76,448,073)	11,711,363 (–)	– (–)	– (–)	82,331,330 (76,448,073)

* Erstwhile Shantmurli Holdings Private Limited

Credit balances outstanding	Key management personnel	Relatives of key management personnel	Total
Salary and allowances	374,979 (–)	287,677 (–)	662,656 (–)

Notes to financial statements (Contd.)**35. Disclosure for 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 (₹)	
	2016	2015
Lease payment debited to statement of profit and loss	19,270,770	22,266,655
Lease obligation		
Up to 1 year	14,317,475	22,133,460
Greater than 1 year but less than 5 years	–	13,682,595

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	
	2016	2015
Profit/(loss) after tax (₹)	10,822,356	17,281,152
Profit/(loss) attributable to equity shareholders (₹)	10,822,356	17,281,152
Adjusted number of ordinary shares (face value ₹ 10)	14,740,061	14,420,102
Basic earnings per share (₹)	0.73	1.20
Weighted average number of shares in calculating diluted EPS	15,896,021	15,369,619
Diluted earnings per share (₹)	0.68	1.12
Number of shares outstanding under employee stock option plan	13,29,750	11,86,600
Fair value of shares during the year (₹)	69.65	50.05
Exercise price for share under option (₹)	10	10
Number of shares that would have been issued at fair value	193,790	237,083
Weighted average number of share under employee stock option plan	1,155,960	949,517

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. 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 financial statements (Contd.)

Particular	Year ended March 31	
	2016	2015
Options outstanding at the beginning of the year	296,650	235,688
Options granted during the year	149,200	165,000
Options forfeited/cancelled during the year	16,963	15,063
Options lapsed during the year	1,725	6,963
Options exercised during the year	89,725	82,012
Options outstanding at the end of the year	337,437	296,650
Shares exercisable at the end of the year	1,329,750	1,186,600

- b) Stock options issued during the year have been accounted as per the accounting guidelines issued by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014. Accordingly, an amount of ₹ **10,972,018** (₹ 8,406,448) 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 and foreign currency term loans sanctioned by Kotak Mahindra Bank Limited (KMBL) and Yes Bank Limited (YBL) 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 and 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). The term loans which were converted to foreign currency term loans carried interest rate of LIBOR plus 6%. Term loans taken from KMBL carries floating interest rate of 12% p.a. and from YBL carries floating interest rate of 11.50% 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) Long-term loan (tenure of more than 24 months) has been taken from Onward Network Technologies Private Limited along with interest @ 12.25% p.a., which has been completely repaid during the year.
- 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.
- e) There are no defaults in repayment of term loans during the year.
- 39.** The Company has not yet appointed key managerial personnel - Company Secretary and Chief Financial Officer as required under provisions of section 203 read with Companies (Appointment and remuneration of Managerial person) Rules, 2014; however, all secretarial compliances are done by an independent Company Secretary firm.
- 40.** All assets and liabilities have been classified as current or non-current as per the operating cycle criteria set out in the Schedule III of Companies Act, 2013. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.
- 41.** 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 LLP

Chartered Accountants

Firm Registration Number: 105215W/W100057

Parag P. Pansare

Partner

Membership Number: 117309

Place : Mumbai

Date : May 16, 2016

For and on behalf of the Board of Directors

Harish Mehta

Chairman and Managing Director

Pradip Dubhashi

Director

Arun Meghani

Director

NOTICE is hereby given that the Twenty Fifth Annual General Meeting (AGM) of Onward Technologies Limited (the "Company") will be held on Monday, July 18, 2016 at Victoria Memorial School for the Blind, 73, Tardeo Road, Mumbai 400 034 at 03.30 P.M. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt:

- a. The audited financial statements of the Company for the financial year ended March 31, 2016 and the reports of the Board of Directors and Auditors thereon, and
- b. The audited consolidated financial statements of the Company for the financial year ended March 31, 2016 and the report of the Auditors thereon.

2. Declaration of dividend:

To declare dividend of ₹ 1 per equity share of the Company for the financial year 2015-16.

3. Ratification of appointment of statutory auditors and fixing their remuneration:

To ratify the appointment of auditors of the Company, and to fix their remuneration and to pass, with or without modification(s), the following resolution as ordinary resolution:

"RESOLVED THAT pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013, and the rules made thereunder and pursuant to the recommendation of the Audit Committee of the Board of Directors and pursuant to the resolution passed by the members of the Company at the 23rd AGM held on 1st August, 2014, the appointment of M/s. Kirtane & Pandit, LLP (erstwhile M/s. Kirtane & Pandit), Chartered Accountants, (Registration Number 105215W/W100057) Pune, as the statutory auditors of the Company, to hold the office till the conclusion of the AGM of the Company in the year 2017 be and is hereby ratified and that the Board of Directors be and are hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2017."

4. Appointment of Director in place of those retiring:

To appoint a director in place of Mrs. Prachi Mehta (DIN 06811085), who retires by rotation and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS

5. Appointment of Mr. Jigar Mehta as Director of the Company:

To consider and if deemed fit, to pass, with or without modification(s), the following resolution as ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Sections 152 and any other applicable provisions of the Companies Act, 2013 (the 'Act') and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Jigar Mehta (DIN: 07497020), who was appointed as an additional director of the Company, pursuant to provisions of Section 161 of the Act, with effect from 16th May, 2016 and who holds office up to the date of this AGM, and in respect of whom a notice has been received from him, in writing, under Section 160 of the Companies Act, 2013 along with requisite deposit, proposing his candidature for the office of a director, be and is hereby appointed as a director of the Company whose period of office shall be liable to retire by rotation."

6. Appointment of Mr. Jigar Mehta as Managing Director of the Company:

To consider and if deemed fit, to pass, with or without modification(s), the following resolution as **special resolution**:

"RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 (the 'Act') and the rules made thereunder (including any statutory modifications or re-enactment thereof) read with Schedule V of the Act, approval of the members of the Company be and is hereby accorded to the appointment

Notice (Contd.)

of Mr. Jigar Mehta (DIN: 07497020), as Managing Director of the Company with effect from May 16, 2016 to May 15, 2021, upon such terms and conditions, including remuneration as detailed in the explanatory statement pursuant to Section 102 (1) of the Act annexed to this Notice, as follows:

(a) Salary: ₹ 3,00,000/- per month aggregating to ₹ 36,00,000/- per annum.

(b) Perquisites:

- (i) Unfurnished residential accommodation, the Company paying all rents, taxes and other expenses for the upkeep and maintenance of such accommodation or house rent allowance in lieu thereof, subject to the condition that the expenditure by the Company on hiring, upkeep and maintenance or house rent allowance in lieu thereof shall not exceed 60% of the salary.
- (ii) Special allowance up to a maximum of ₹ 50,000/- per month subject to the discretion of the Board of Directors of the Company.
- (iii) Expenditure on gas, electricity and water charges as also furnishings at the residence to be borne by the Company.
- (iv) Use of one motor car with driver with all running and maintenance expenses to be paid for by the Company.
- (v) Benefit of the provident fund scheme, superannuation and annuity fund scheme as per Company's rules together with the benefit of any retirement fund or scheme, which the Company may introduce in the future.
- (vi) Gratuity in accordance with the rules of the Company.
- (vii) Reimbursement of actual medical expenses incurred for self and family as per Company's rules.
- (viii) Benefit of sick leave in accordance with the rules of the Company.
- (ix) Thirty days privilege leave with full pay and allowance for each completed year of service; the said leave being accumulatable and encashable at the end of his tenure.
- (x) Benefit of 1st Class air / air conditioned train and/or such other mode of conveyance as the appointee may opt for, for self and family, while on privilege leave together with hotel, board and lodging expenses as per the rules of the Company.
- (xi) Personal accident insurance cover at the cost of the Company provided that the actual premium thereof does not exceed ₹ 4,000 p.a. or such other amount as the Board of Directors may deem fit.
- (xii) Use of one telephone at the residence and one mobile phone for the Company's business provided that the cost of personal long distance calls, if any, shall be reimbursed by the appointee to the Company.
- (xiii) Fees (excluding life membership and entrance) of maximum of two clubs together with the benefit of all expenses incurred thereat towards the business of the Company.
- (xiv) Reimbursement of business promotion/entertainment expenses/books and periodicals expenses incurred towards the business of the Company at actual.

(c) Incentive:

Performance based incentive shall be payable at the end of the financial year based on the discretion of the Board not exceeding 5% of net profits of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to alter and vary the terms and conditions of appointment and / or remuneration, subject to the remuneration payable shall not exceed the term and overall ceiling of the total managerial remuneration as provided under Section 197 read with Schedule V of the Act or such other limits as may be prescribed from time to time.

Notice (Contd.)**7. Re-appointment of Mr. Harish Mehta as Chairman and Whole Time Director (Executive Chairman) of the Company:**

To consider and if deemed fit, to pass, with or without modification(s), the following resolution as **special resolution**:

“RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 (the ‘Act’) and the rules made thereunder (including any statutory modifications or re-enactment thereof) read with Schedule V of the Act, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Harish Mehta (DIN: 00153549), as Chairman and Whole-time Director (Executive Chairman) of the Company with effect from May 16, 2016 to May 15, 2021, upon such terms and conditions, including remuneration as detailed in the explanatory statement pursuant to Section 102 (1) of the Act annexed to this Notice, as follows:

- (a) Salary: ₹ 3,00,000/- per month aggregating to ₹ 36,00,000/- per annum.
- (b) Perquisites:
 - (i) Unfurnished residential accommodation, the Company paying all rents, taxes and other expenses for the upkeep and maintenance of such accommodation or house rent allowance in lieu thereof, subject to the condition that the expenditure by the Company on hiring, upkeep and maintenance or house rent allowance in lieu thereof shall not exceed 60% of the salary.
 - (ii) Special allowance up to a maximum of ₹ 50,000/- per month subject to the discretion of the Board of Directors of the Company.
 - (iii) Expenditure on gas, electricity and water charges as also furnishings at the residence to be borne by the Company.
 - (iv) Use of one motor car with driver with all running and maintenance expenses to be paid for by the Company.
 - (v) Benefit of the provident fund scheme, Superannuation and annuity fund scheme as per Company’s rules together with the benefit of any retirement fund or scheme, which the Company may introduce in the future.
 - (vi) Gratuity in accordance with the rules of the Company.
 - (vii) Reimbursement of actual medical expenses incurred for self and family as per Company’s rules.
 - (viii) Benefit of sick leave in accordance with the rules of the Company.
 - (ix) Thirty days privilege leave with full pay and allowance for each completed year of service; the said leave being accumulatable and encashable at the end of his tenure.
 - (x) Benefit of 1st Class air / air conditioned train and/or such other mode of conveyance as the appointee may opt for, for self and family, while on privilege leave together with hotel, board and lodging expenses as per the rules of the Company.
 - (xi) Personal accident insurance cover at the cost of the Company provided that the actual premium thereof does not exceed ₹ 4000 p.a. or such other amount as the Board of Directors may deem fit.
 - (xii) Use of one telephone at the residence and one mobile phone for the Company’s business provided that the cost of personal long distance calls, if any, shall be reimbursed by the appointee to the Company.
 - (xiii) Fees (excluding life membership and entrance) of maximum of two clubs together with the benefit of all expenses incurred thereat towards the business of the Company.
 - (xiv) Reimbursement of business promotion/entertainment expenses/books and periodicals expenses incurred towards the business of the Company at actual.

Notice (Contd.)

(c) Incentive:

Performance based incentive shall be payable at the end of the financial year based on the discretion of the Board not exceeding 5% of net profits of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to alter and vary the terms and conditions of appointment and / or remuneration, subject to the remuneration payable shall not exceed the term and overall ceiling of the total managerial remuneration as provided under Section 197 read with Schedule V of the Act or such other limits as may be prescribed from time to time.

By the order of the Board of Directors

Harish Mehta

Chairman

DIN: 00153549

Place: Mumbai

Date: May 16, 2016

Registered Office:

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

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. Members/Proxies should fill the attendance slip for attending the meeting and bring their attendance slips along with their copy of the annual report to the meeting.
4. The explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013 relating to the special business to be transacted at the meeting is annexed to this notice.
5. The brief profile and other required information about the directors proposed to be appointed/re-appointed, as required under Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 also forms part of this notice.
6. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.
7. Pursuant to Section 91 of the Companies Act, 2013, the register of members and share transfer books of the Company will remain closed from Wednesday, July 13, 2016 to Monday, July 18, 2016 (both days inclusive).
8. Dividend on equity shares as recommended by the Board of Directors for the year ended March 31, 2016, if approved at the meeting, will be payable to those members who hold shares:
 - a) In dematerialized mode, based on the beneficial ownership details to be received from National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business hours on Tuesday, July 12, 2016.
 - b) In physical mode, if their names appear in the Company's register of members after giving effect to all valid transfers in physical form lodged with the Company and / or its Registrar and Transfer Agent on or before Tuesday, July 12, 2016.

Notice (Contd.)

9. Members who may wish to claim unclaimed dividends are requested to correspond with the Company, at the Company's registered office. Members are requested to note that dividends which not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per the provisions of Section 205A of the Companies Act, 1956 (Section 124 of the Companies Act, 2013), be transferred to the Investor Education and Protection Fund.
10. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed Form No. SH- 13 duly filled, to Link Intime India Private Limited, Registrar and Transfer Agent of the Company. Members holding shares in electronic form may contact their respective depository participants for availing this facility.
11. Members are requested to address all correspondence pertaining to their securities mentioning either the Folio Number/Client ID or DP ID numbers as applicable including any change of address, if any, to the registrars and transfer agent of the Company viz.:
Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West), Mumbai - 400078.
12. Members/Proxies attending the meeting are requested to bring their copies of annual report together with the filled attendance slip at the meeting.
13. Members seeking any information relating to accounts are requested to write to the Company at an early date to enable the management to keep the required information ready. Also, the certificate from the statutory auditors of the Company certifying that the Company's Employees Stock Option Scheme is being implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and in accordance with the resolutions passed by the members in general meeting is provided with this annual report and shall be available for inspection by the members at the meeting.
14. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Companies (Management and Administration) Rules, 2014, 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.
15. 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 remote e-voting shall be considered. Where a member has not casted vote through remote e-voting, he may cast his vote by ballot paper which shall be provided at the venue of the meeting.
16. The notice of meeting and annual report of the Company circulated to the members of the Company by physical and electronic mode will also be made available on the website of the Company at www.onwardgroup.com. Relevant documents referred to in the accompanying notice are open for inspection by the members at the registered office of the Company on all working days between 10.00 A.M. and 12.00 Noon up to the date of the meeting.
17. Members are requested to register their email IDs with the Company and encourage paper free communications. The Company would send its annual reports and other communications to the members on their registered email IDs. The members may register their email IDs with the registrars and share transfer agents – M/s. Link Intime India Private Limited.
18. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in physical form can submit their PAN to the Company / Link Intime India Private Limited.

Notice (Contd.)

19. The route map of the venue of the meeting is also forming part of the notice. The prominent landmark for the venue is, it is near to Tardeo AC Market.

Remote E-Voting:

20. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 as amended from time to time and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing to the members facility of voting by electronic means in respect of businesses to be transacted at the meeting which includes remote e-voting (i.e. voting electronically from a place other than the venue of the meeting). The Company also proposes to provide the option of voting by means of ballot paper at the venue of the meeting in addition to the remote electronic voting mentioned above. The Company has engaged the services of National Securities Depository Limited (NSDL) for facilitating voting by electronic means.
21. Mr. Nilesh A. Pradhan, Proprietor of M/s. Nilesh A. Pradhan & Co., Practicing Company Secretaries [Membership Number: FCS 5445; CP Number: 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 voting through remote e-voting process and voting process at meeting in fair and transparent manner.

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

- A. In case of members receiving notice by e-mail from NSDL:
- Open e-mail and open the attached PDF file viz; "Onward.e-voting.pdf" with your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password. The said PDF file contains your user ID and password for e-voting. Please note that this password is an initial password.
 - Launch internet browser by typing the URL <https://www.evoting.nsdl.com>.
 - Click on "Shareholder-Login".
 - Insert your user ID and password as initial password noted in step (i) above. Click Login. If you are already registered with NSDL for e-voting, you can use your existing user ID and password for casting your vote.
 - Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note the new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - Home page of e-voting opens. Click on "e-voting: Active Voting Cycles".
 - Select "E Voting Event Number (EVEN)" of Onward Technologies Limited for casting your vote.
 - Now you are ready for e-voting as "Cast Vote" page opens.
 - Cast your vote by selecting appropriate option and click on: "Submit" and also "Confirm" when prompted. Upon confirmation, the message "vote cast successfully" will be displayed.
 - Once you have voted on the resolution, you will not be allowed to modify your vote.
 - Institutional shareholders and bodies corporate (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG format) of the relevant board resolution/ authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote to the scrutinizer through e-mail to info@napco.in with a copy marked to evoting@nsdl.co.in with the subject "Onward Tech – E-voting."
- B. In case of members receiving Notice of meeting by post:
- Initial password is provided on the attendance slip for the meeting.
 - Please follow all steps from Sr. No. (ii) to Sr. No.(xi) mentioned in (A) above, to cast your vote.

Notice (Contd.)**C. Other details:**

1. Persons who have acquired shares and became members of the Company after the dispatch of the Notice of the AGM but before the cut-off date of Tuesday, July 12, 2016, may obtain their user ID and password for e-voting from Company's registrar and transfer agent, Link Intime India Private Limited or from NSDL by sending request on santosh.jaiswal@linkintime.co.in or evoting@nsdl.co.in, respectively.
2. The e-voting period commences on Thursday, July 14, 2016 [9:00 a.m.] and ends on Sunday, July 17, 2016 [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.
3. In case of any queries, you may refer to the "Frequently Asked Questions (FAQs)" for shareholders and e-voting user manual for shareholders available at the "downloads" section of NSDL website at www.evoting.nsdl.com.
4. The voting rights of the members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date. In case of joint holders, only such joint holder in the order of names will be entitled to vote.
5. Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their voting right at the meeting through ballot paper. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
6. The results of the voting will be declared not later than 48 hours from the conclusion of the meeting i.e. Monday, July 18, 2016. The declared results along with the scrutinizer's report will be available on the Company's website at www.onwardgroup.com and on the website of NSDL at www.evoting.nsdl.com and will also be forwarded to the stock exchanges where the Company's shares are listed. Subject to receipt of requisite number of votes, the resolutions set out in the notice shall be deemed to be passed on the date of the meeting.

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013.**ITEM NO 5 & 6:**

Mr. Jigar Mehta was appointed as an additional director of the Company with effect from May 16, 2016 in accordance with the provisions of Section 161 of the Companies Act, 2013 (the "Act") and the Articles of Association of the Company. Pursuant to Section 161 of the Act, he holds office upto the date of this meeting. As required under Section 160 of the Act, the Company has received a notice from him proposing his candidature for the office of director of the Company. He is not disqualified from being appointed as director in terms of Section 164 of the Act and has given his consent to act as director.

Considering his experience in the industry and growth of the Company under his management, the Nomination and Remuneration Committee of the Board at their meeting held on May 16, 2016 has recommended his appointment as Managing Director of the Company for the period of five (5) years with effect from May 16, 2016 to May 15, 2021. The same was also approved by the Board of Directors of the Company at their meeting held on May 16, 2016. This appointment is now subject to approval and consent of shareholders of the Company.

The details of remuneration payable and the terms and conditions thereof are given below:

- (a) Salary: ₹ 3,00,000/- per month aggregating to ₹ 36,00,000/- per annum.
- (b) Perquisites:
 - (i) Unfurnished residential accommodation, the Company paying all rents, taxes and other expenses for the upkeep and maintenance of such accommodation or house rent allowance in lieu thereof, subject to the condition that the expenditure by the Company on hiring, upkeep and maintenance or house rent allowance in lieu thereof shall not exceed 60% of the salary.

Notice (Contd.)

- (ii) Special allowance up to a maximum of ₹ 50,000/- per month subject to the discretion of the Board of Directors of the Company.
- (iii) Expenditure on gas, electricity and water charges as also furnishings at the residence to be borne by the Company.
- (iv) Use of one motor car with driver with all running and maintenance expenses to be paid for by the Company.
- (v) Benefit of the provident fund scheme, superannuation and annuity fund scheme as per Company's rules together with the benefit of any retirement fund or scheme, which the Company may introduce in the future.
- (vi) Gratuity in accordance with the rules of the Company.
- (vii) Reimbursement of actual medical expenses incurred for self and family as per Company's rules.
- (viii) Benefit of sick leave in accordance with the rules of the Company.
- (ix) Thirty days privilege leave with full pay and allowance for each completed year of service; the said leave being accumulatable and encashable at the end of his tenure.
- (x) Benefit of 1st Class air / air conditioned train and/or such other mode of conveyance as the appointee may opt for, for self and family, while on privilege leave together with hotel, board and lodging expenses as per the rules of the Company.
- (xi) Personal accident insurance cover at the cost of the Company provided that the actual premium thereof does not exceed ₹ 4000 p.a. or such other amount as the Board of Directors may deem fit.
- (xii) Use of one telephone at the residence and one mobile phone for the Company's business provided that the cost of personal long distance calls, if any, shall be reimbursed by the appointee to the Company.
- (xiii) Fees (excluding life membership and entrance) of maximum of two clubs together with the benefit of all expenses incurred thereat towards the business of the Company.
- (xiv) Reimbursement of business promotion/entertainment expenses/books and periodicals expenses incurred towards the business of the Company at actual.

(c) Incentive:

Performance based incentive shall be payable at the end of the financial year based on the discretion of the Board not exceeding 5% of net profits of the Company.

Since profits of the Company for the financial year are inadequate, remuneration is to be paid in accordance with the provisions of Schedule V of the Act which required approval of shareholders by means of special resolution. Accordingly, your directors commend resolution to be passed for his appointment as special resolution. Also, remuneration payable shall not exceed the term of three years and overall ceiling as provided under Section 197 read with Schedule V of the Act or such other limits as may be prescribed from time to time.

He does not hold directorship in any listed company other than the Company. Further, he holds 199,644 shares of the Company.

This explanatory statement shall be read and treated as disclosure in compliance with the requirements of Section 190 of the Act. Also, this statement may also serve as disclosure of information as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Except for Mr. Harish Mehta, Mrs. Prachi Mehta and Mr. Jigar Mehta or their relatives, none of the directors and key managerial personnel of the Company or their relatives is concerned or interested, financially or otherwise in this resolution set out at item no. 5 & 6.

Notice (Contd.)**ITEM NO 7:**

Mr. Harish Mehta is the founder of the Onward Group. He would now continue with the Company as a Chairman and Whole Time Director (Executive Chairman) of the Company.

Considering his experience in the industry and growth of the company under his management, the Nomination and Remuneration Committee of the Board at their meeting held on May 16, 2016 has recommended his re-appointment as Executive Chairman of the Company for the period of five (5) years with effect from May 16, 2016 to May 15, 2021. The same was also approved by the Board of Directors of the Company at their meeting held on May 16, 2016. This appointments is now subject to approval and consent of shareholders of the Company.

The details of remuneration payable and the terms and conditions thereof are given below:

- (a) Salary: ₹ 3,00,000/- per month aggregating to ₹ 36,00,000/- per annum.
- (b) Perquisites:
- (i) Unfurnished residential accommodation, the Company paying all rents, taxes and other expenses for the upkeep and maintenance of such accommodation or house rent allowance in lieu thereof, subject to the condition that the expenditure by the Company on hiring, upkeep and maintenance or house rent allowance in lieu thereof shall not exceed 60% of the salary.
 - (ii) Special allowance up to a maximum of ₹ 50,000/- per month subject to the discretion of the Board of Directors of the Company.
 - (iii) Expenditure on gas, electricity and water charges as also furnishings at the residence to be borne by the Company.
 - (iv) Use of one motor car with driver with all running and maintenance expenses to be paid for by the Company.
 - (v) Benefit of the provident fund scheme, superannuation and annuity fund scheme as per company's rules together with the benefit of any retirement fund or scheme, which the Company may introduce in the future.
 - (vi) Gratuity in accordance with the rules of the Company.
 - (vii) Reimbursement of actual medical expenses incurred for self and family as per Company's rules.
 - (viii) Benefit of sick leave in accordance with the rules of the Company.
 - (ix) Thirty days privilege leave with full pay and allowance for each completed year of service; the said leave being accumulatable and encashable at the end of his tenure.
 - (x) Benefit of 1st Class air / air conditioned train and/or such other mode of conveyance as the appointee may opt for, for self and family, while on privilege leave together with hotel, board and lodging expenses as per the rules of the Company.
 - (xi) Personal accident insurance cover at the cost of the Company provided that the actual premium thereof does not exceed ₹ 4000 p.a. or such other amount as the Board of Directors may deem fit.
 - (xii) Use of one telephone at the residence and one mobile phone for the Company's business provided that the cost of personal long distance calls, if any, shall be reimbursed by the appointee to the Company.
 - (xiii) Fees (excluding life membership and entrance) of maximum of two clubs together with the benefit of all expenses incurred thereat towards the business of the Company.
 - (xiv) Reimbursement of business promotion/entertainment expenses/books and periodicals expenses incurred towards the business of the Company at actual.
- (c) Incentive:
- Performance based incentive shall be payable at the end of the financial year based on the discretion of the Board not exceeding 5% of net profits of the Company.

Notice (Contd.)

Further, Section 196(3) of the Act, inter alia, provides that no company shall continue the employment of a person who has attained the age of 70 years, as Managing Director, Whole time director or Manager, unless it is approved by the members by passing a special resolution. Part 1 of Schedule V to the Act contains similar provisions.

Accordingly, the Board of Directors recommends the resolution in relation to his re-appointment as Executive Chairman for the approval of the shareholders of the Company as a special resolution.

Since profits of the Company for the financial year are inadequate, remuneration is to be paid in accordance with the provisions of Schedule V of the Act which required approval of shareholders by means of special resolution. Accordingly, your Directors commend resolution to be passed for his re-appointment as special resolution. Also, remuneration payable shall not exceed the term of three years and overall ceiling as provided under Section 197 read with Schedule V of the Act or such other limits as may be prescribed from time to time.

He does not hold directorship in any listed company other than the Company. Further, he holds 195,428 shares of the Company.

This explanatory statement shall be read and treated as disclosure in compliance with the requirements of Section 190 of the Act. Also, this statement may serve as disclosure of information as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Except for Mr. Harish Mehta, Mrs. Prachi Mehta and Mr. Jigar Mehta or their relatives, none of the directors and key managerial personnel of the Company or their relatives is concerned or interested, financially or otherwise in this resolution set out at item no. 7.

Statement required pursuant to provisions of Schedule V of the Act is given hereunder:**I. GENERAL INFORMATION:****1. Nature of Industry:**

The company carries on the business of Engineering and Designs services, viz; Product Design Solutions, Manufacturing Engineering Solutions, Engineering Simulation, Engineering Change Management.

Onward Technologies Limited is a global player in mechanical engineering design and IT consulting services offering a range of services including product design, engineering analysis, engineering documentation and maintenance, and manufacturing solutions, and training for automotive, off highway, aerospace, industrial equipment and consumer goods.

2. Date or expected date of commencement of commercial production:

The Company is operating in services industry, providing services in engineering and designs and as such there is no date of commencement of commercial production.

3. In case of new company, expected date of commencement of activities as per project approved by financial intuitions appearing in the prospectus:

Not Applicable.

4. Financial performance based on given indicators:

The consolidated sales grew to ₹ 19,963.27 Lacs from ₹ 19,067.67 Lacs in the last financial year, a growth of 4.70% over the previous financial year. The EBITDA for the year 2015-16 was at ₹ 1,533.58 Lacs as compared to ₹ 1,306.51 Lacs in the last financial year. Operationally the Company continues to invest and grow both in EDS and ITS in India and overseas markets.

5. Foreign investments or collaborations:

The Company has made investments in its subsidiaries abroad namely;

- a. Onward Technologies Inc. (North America)
- b. Onward Technologies GmbH (Germany)

Notice (Contd.)

Brief details of the above investments are forming part of the annexures to the directors' report provided along with the annual report of the Company.

II. INFORMATION ABOUT THE APPOINTEE:**A. Mr. Harish Mehta:****1. Background Details:**

He being appointed as an Executive Chairman of the Company is the founder of Onward Group, having more than 45 years of experience in the technology industry.

2. Past Remuneration:

He has drawn salary of ₹ 83,85,804 (inclusive of all perquisites) during the financial year 2015-16.

3. Recognition and Awards:

He is an Electrical Engineer from College of Engineering, Pune and a Masters in Computer Science (EE) from Brooklyn Polytechnic Institute, NY, USA. He co-founded NAASCOM and was honored by Prime Minister of India – Mr. Narendra Modi, for 25 years of exemplary contributions to NASSCOM in March, 2015. He also received the CEO of the year award from N M Institute of Management and TATA HRD Network in the year 1994.

4. Job Profile and its suitability:

He is founder of the Onward Group, responsible for the Company to emerge as a global player in mechanical engineering design and IT consulting services business. He was one of the Chief Architects for realizing the Hinditron - Digital Joint Venture in India, 1986. He started a 50:50 joint ventures with Novell Inc., USA in the year 1993. Novell was world's second largest PC software company at that point in time. Under his leadership Onward-Novell emerged as one of the most successful software joint venture in India.

5. Remuneration Proposed:

Remuneration proposed is explained in the proposed resolution in the notice as well as the explanatory statement above. Also, remuneration payable shall not exceed the term of three years and overall ceiling as provided under Section 197 read with Schedule V of the Act or such other limits as may be prescribed from time to time.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

Taking into account the size of the Company, industry benchmarks in general, profile, position, responsibilities capabilities and his involvement in the operations of the Company, the proposed remuneration to the appointee is reasonable and in line with remuneration levels in the industry, across the country and befits their position.

7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel:

Apart from receiving remuneration from the Company and his shareholding as a promoter, he has no other pecuniary relationship with the company. Further, he is father of Mr. Jigar Mehta, proposed Managing Director and Mrs. Prachi Mehta, Director of the Company.

B. Mr. Jigar Mehta:**1. Background Details:**

He being appointed as Managing Director of the Company joined Onward in 2001 after his graduation from Boston University and has more than 14 years of experience in the technology industry.

2. Past Remuneration:

He has drawn salary of ₹ 5,370,336 (inclusive of all perquisites) during the financial year 2015-16 as Chief Operating Officer of the Company.

Notice (Contd.)**3. Recognition and Awards:**

He is a Bachelor of Science in Business Administration with concentration in Marketing and Management Information System from Boston University, USA.

4. Job Profile and its suitability:

He has been responsible for putting both engineering services and IT services, businesses of the Company on the strong footing. In order to be closer to Company's global customers, he opened offices at Frankfurt-Germany, Reading-UK, and strengthened and expanded offices at Chicago, Detroit and Boston in USA. He strengthened Onwards Human Resources by adding large number of subject matter experts in both engineering services and IT services businesses. Under his leadership, number of company's employees (Onwardians) has grown from 600 in year 2001 to 2021 in year 2016. He centralized dispersed Onward business operations at Pune into a single world class facility at Almonte.

5. Remuneration Proposed:

Remuneration proposed is explained in the proposed resolution in the notice as well as the explanatory statement above. Also, remuneration payable shall not exceed the term of three years and overall ceiling as provided under Section 197 read with Schedule V of the Act or such other limits as may be prescribed from time to time.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

Taking into account the size of the Company, industry benchmarks in general, profile, position, responsibilities capabilities and his involvement in the operations of the Company, the proposed remuneration to the appointee is reasonable and in line with remuneration levels in the industry, across the country and befits their position.

7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel:

Apart from receiving remuneration from the Company and his shareholding as a promoter, he has no other pecuniary relationship with the company. Further, Mr. Jigar Mehta is son of Mr. Harish Mehta and brother of Mrs. Prachi Mehta, Director of the Company.

III. OTHER INFORMATION:

To expand globally, both engineering services business and IT services business need continuous investment for years. The Company is in investment mode establishing footprints at global level, induction of strong team of professionals and robust working capital expenditures. Alongside, the Company has made substantial capital investments to strengthen delivery capabilities. The Company sees excellent growth prospects for both revenues as well as profits in coming years as these investments start delivering both the topline and bottom line revenues.

By the order of the Board of Directors

Place: Mumbai
Date: May 16, 2016

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

Harish Mehta
Chairman
DIN: 00153549



CIN: L28920MH1991PLC062542

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

Tel.: +91 (22) 24926570 Fax: +91 (22) 24926549 Website: www.onwardgroup.com, Email: info@onwardgroup.com

ATTENDANCE SLIP

Folio No..... DP ID..... Client ID.....

Name of Member.....

Name of Proxy holder.....

Number of shares held.....

I hereby record my presence at the 25TH ANNUAL GENERAL MEETING of ONWARD TECHNOLOGIES LIMITED held on **Monday, July 18, 2016 at 03.30 P. M.**, at Victoria Memorial School for the Blind, 73, Tardeo Road, Mumbai 400 034.

Signature of Member/Proxy

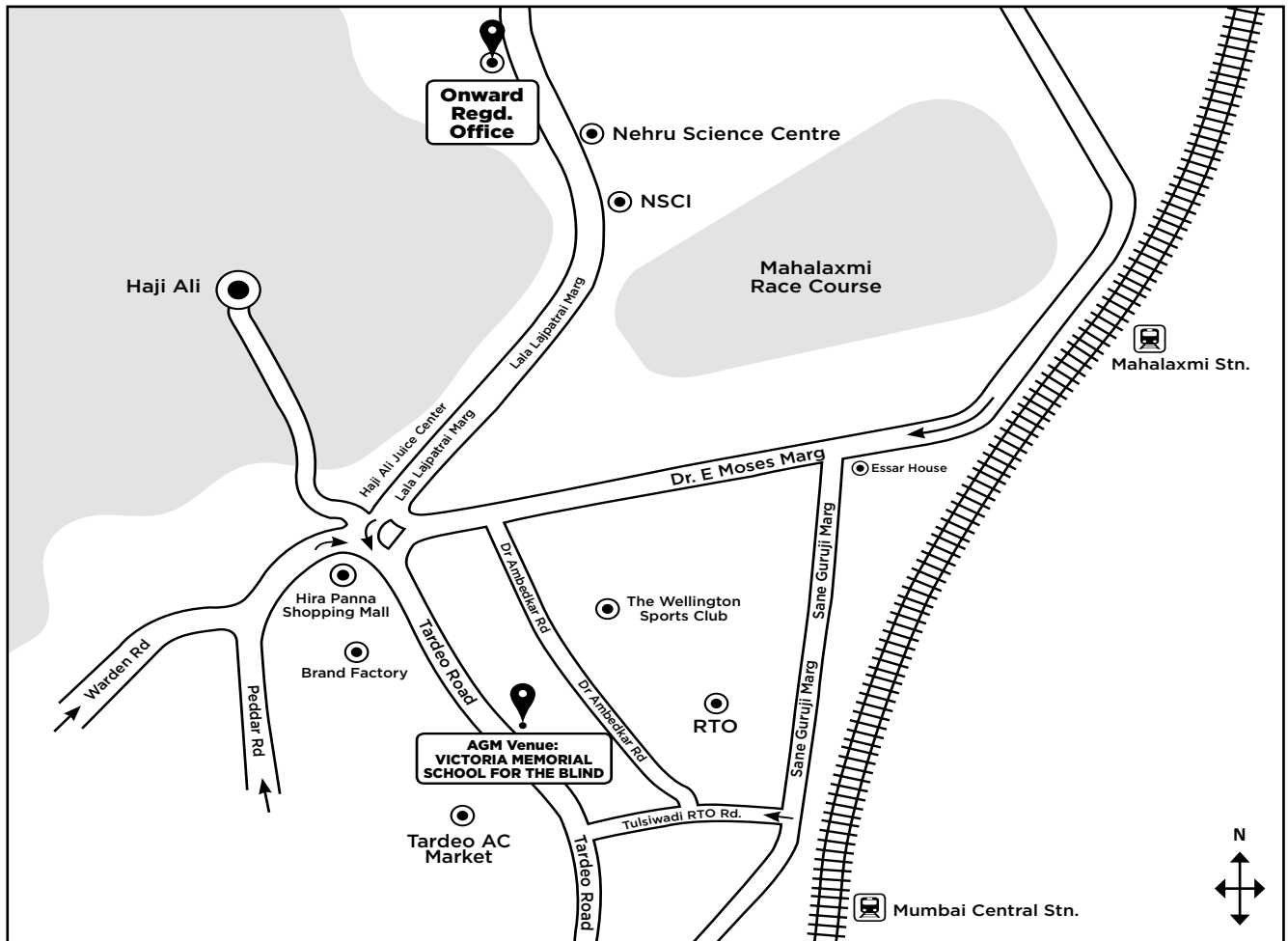
Notes:

- (1) Members/Proxy-holders are requested to produce the attendance slip duly signed for admission to the meeting hall.
- (2) Members are requested to bring their copy of annual report for reference at the meeting.

LOCATION MAP OF THE VENUE OF ANNUAL GENERAL MEETING*

Venue: Victoria Memorial School for the Blind, 73, Tardeo Road, Mumbai 400 034.

Time: 03.30 P.M., Date: Monday, July 18, 2016



* Sites, places and locations envisaged in the above location map are just for indicative and reference purpose of the viewers. The same may not claim to be actual geographical indications described thereat.





CIN: L28920MH1991PLC062542

Regd. Office: Sterling Centre, 2nd Floor, Dr. A.B. Road, Worli Mumbai - 400018
Tel.: +91 (22) 24926570 **Fax:** +91 (22) 24926549 **Website:** www.onwardgroup.com
Email: info@onwardgroup.com

PROXY FORM

Form No. MGT-11

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s)		
Registered Address:		
E-mail Id:		
*DP Id. / Client Id.		Regd. Folio No.:

(* Applicable for members holding share(s) in electronic form)

I / We, being the member(s) of shares of the above named company, hereby appoint:

- (1) Name:
 Address:
 E-mail Id Signature or failing him
- (2) Name:
 Address:
 E-mail Id Signature or failing him
- (3) Name:
 Address:
 E-mail Id Signature or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **25th Annual General Meeting** of the Company, to be held on **Monday, July 18, 2016 at 03.30 P. M.**, at Victoria Memorial School for the Blind, 73, Tardeo Road, Mumbai 400 034, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution no.	Matter of Resolution	No. of Shares	For	Against
1	Adoption of Audited Financial Statements (including consolidated financial statements) of the Company for the financial year ended March, 31, 2016			
2	Declaration of Dividend			
3	Ratification of appointment of statutory auditors and fixing their remuneration			
4	Appointment of director in place of those retiring			
5	Appointment of Mr. Jigar Mehta as Director of the Company			
6	Appointment of Mr. Jigar Mehta as Managing Director of the Company			
7	Re-appointment of Mr. Harish Mehta as Executive Chairman of the Company			

Signed this _____ day of _____, 2016.

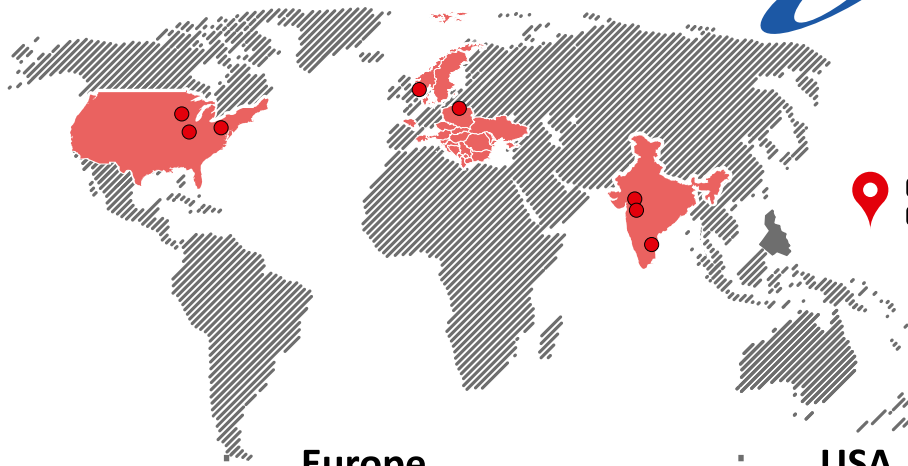
 Signature of the Shareholder(s)

 Signature of Proxy holder(s)

Affix
 Revenue
 Stamp

Note: This form of Proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the meeting.





 Onward Technologies
Offices

India

MUMBAI (Registered Office)

Onward Technologies Ltd.
2nd Floor, Sterling Center,
Dr. A.B. Road, Worli,
Mumbai – 400018

MUMBAI

Onward Technologies Ltd.
No. 152, SDF V, 1st Floor,
SEEPZ, Andheri (East),
Mumbai – 400096

PUNE

Onward Technologies Ltd.
Almonte IT Park,
5th Floor, Kharadi,
Pune – 411014

PUNE

Onward Technologies Ltd.
E-Space IT Park,
Building # A3, 3rd Floor,
Pune Nagar Road,
Pune – 411014

CHENNAI

Onward Technologies Ltd.
5B, Lakshmi Colony,
Off G. N. Chetty Road, T. Nagar,
Chennai – 600017

Europe

UNITED KINGDOM

Onward Technologies Ltd.
Vancouver House
111, Hagley Road, Edgbaston,
B16 8LB, Birmingham

GERMANY

Onward Technologies GmbH.
Kirchnerstrasse 4, 60311
Frankfurt am Main, Germany



Mr. Harish Mehta,
founder of
Onward Technologies Ltd.,
co-founded NASSCOM, India
in the year 1988.
He was felicitated by the
Prime Minister of India,
Mr. Narendra Modi in 2015 for
his exemplary contribution
to the IT industry.

USA

ILLINOIS (Head Office)

Onward Technologies Inc.
5600 N River Road,
Suite 425,
Rosemont, IL 60018

MICHIGAN

Onward Technologies Inc.
340 E Big Beaver Road,
Suite 130,
Troy, MI 48083

MASSACHUSETTS

Onward Technologies Inc.
70 Fargo St, Suite # 910,
Boston, MA 02210



Trust



Accountability



Integrity



Confidentiality

Core Values