October 16, 2023

Onward Technologies Limited: Rating moved to Issuer Non-Cooperating Category

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term / Short Term – Fund Based / Non-Fund Based - others	6.55	6.55	[ICRA]BBB (Stable)/[ICRA]A3+; ISSUER NOT COOPERATING*; Rating moved to 'Issuer Not Cooperating' category
Total	**6.55**	**6.55**	

**Instrument details are provided in Annexure-1*

Rationale

The rating is based on limited cooperation from Onward Technologies Limited (OTL or the company) since the time it was last rated in March 2023.

As part of its process and in accordance with its rating agreement with the company, ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due. However, despite multiple requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite cooperation and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, the company's rating has been moved to the "Issuer Not Cooperating" category.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position, rating sensitivities: Click here.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Policy in respect of non-cooperation by a rated entity Rating Methodology –Information Technology (Services)
Parent/Group Support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial statements of Onward Technologies Limited, details of which are provided in Annexure-2.

About the company

Incorporated in the year 1991, Onward Technologies Limited is a software outsourcing company engaged in the fields of digital and ER&D services catering to the Transportation, Mobility, Industrial Products, Heavy Machinery and Healthcare sectors. The company has its presence in the Indian market as well as overseas markets such as the US, the UK and Germany. Headquartered in Mumbai, the company has 14 offices across 6 countries with offshore capability centres in India.

Key financial indicators (audited)

OTL Consolidated	FY2021	FY2022	FY2023
Operating income	243.5	311.8	319.6
PAT	7.3	23.7	4.2
OPBDIT/OI	8.4%	8.4%	4.1%
PAT/OI	3.0%	7.6%	1.3%
Total outside liabilities/Tangible net worth (times)	0.8	0.4	NA
Total debt/OPBDIT (times)	1.2	0.7	NA
Interest coverage (times)	8.8	26.1	10.4

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current rating (FY2024)				Chronology of rating history for the past 3 years			
		Type	Amount rated (Rs. crore)	Amount outstanding as on March 31, 2023 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022		Date & rating in FY2021
					Oct 16, 2023	Mar 27, 2023	Feb 02, 2022	Aug 23, 2021	Sep 3, 2020 Nov 3, 2020
1	Working Capital Facilities	Long-term / Short-term	6.55	-	[ICRA]BBB (Stable)/ [ICRA]A3+ ISSUER NOT COOPERATING	[ICRA]BBB (Stable)/ [ICRA]A3+	[ICRA]BBB (Stable)/ [ICRA]A3+	[ICRA]BBB- (Positive)/ [ICRA]A3	-
2	Fund-based – Cash credit	Long-term	-	-	-	-	-	-	[ICRA]BBB- (Stable)
3	Non-Fund based – Bank Guarantee	Short-term	-	-	-	-	-	-	[ICRA]A3
4	Fund-based / Non-Fund based Limits	Long-term	-	-	-	-	-	-	[ICRA]BBB- (Stable)

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term/ Short -term – Fund Based / Non-Fund Based Working Capital	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	**Working Capital Facilities**	NA	NA	NA	6.00	**[ICRA]BBB(Stable)/ [ICRA]A3+ ; ISSUER NOT COOPERATING`**
NA	**Working Capital Facilities**	NA	NA	NA	0.55	**[ICRA]BBB(Stable)/ [ICRA]A3+; ISSUER NOT COOPERATING`**

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company Name	OTL Ownership	Consolidation Approach
Onward Technologies, Inc.	100.00%	Full Consolidation
Onward Technologies GmbH	100.00%	Full Consolidation
Onward Technologies Canada Inc.	100.00%	Full Consolidation
Onward Technologies BV	100.00%	Full Consolidation
OT Park Private Limited	100.00%	Full Consolidation

Source: OTL annual report FY2023

Note: ICRA has taken a consolidated view of the parent (OTL) and its subsidiaries while assigning the ratings

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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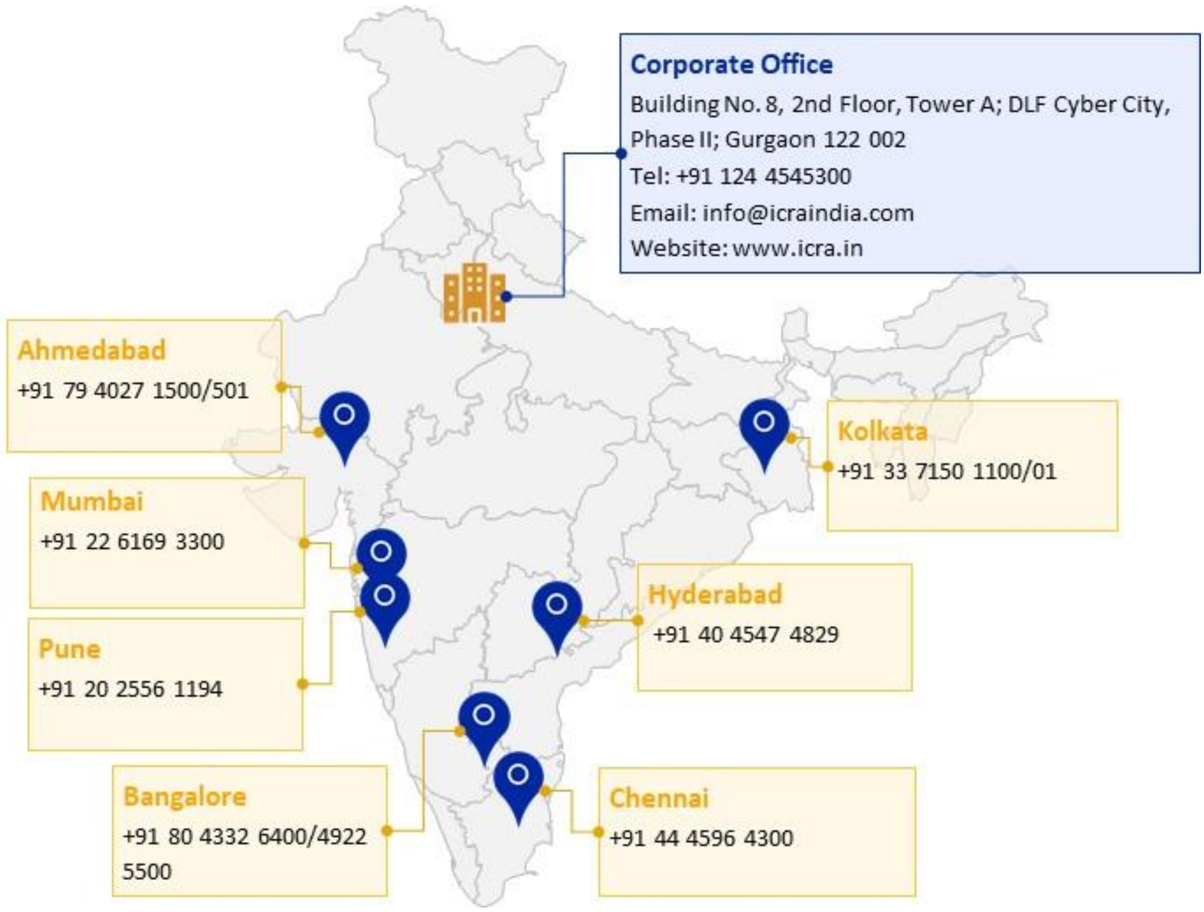

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