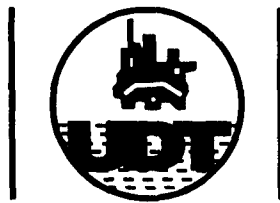
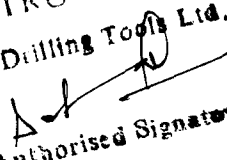


20TH ANNUAL REPORT 2002



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CERTIFIED TRUE COPY
For United Drilling Tools Ltd.

Authorised Signatory

United Drilling Tools Ltd.



UNITED DRILLING TOOLS LTD.

BOARD OF DIRECTORS

MR. PRAMOD KUMAR GUPTA
(Chairman Cum Managing Director)
M.S.I.E., P.E. (U.S.A.)

MR. S. S. K. BHAGAT
Civil Engineering Graduate
Retired Chief Engineer, NDMC New Delhi

MR. V.B. MISHRA
GRADUATE
Ex. P.A. to Dy Chairman Rajya Sabha

AUDITORS

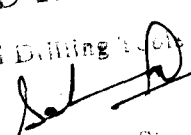
AGRAWAL DHRUV & COMPANY
A-69 B, Sector-40
Noida-201301

REGISTERED OFFICE

B-94, Shashi Garden
Patpar Ganj,
DELHI-110091

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**Please note that no Gifts/Coupons
shall be distributed at the meeting.**

CERTIFIED TRUE COPY
For United Drilling Tools Ltd.

Authorised Signatory



UNITED DRILLING TOOLS LTD.

NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Company will be held at Bawa Palace, U-38, Shakarpur, Mother Dairy Road, Delhi-92, on Friday, the 27th September, 2002 at 11.30 a.m. to transact the following business :

AS AN ORDINARY BUSINESS

1. To receive, consider and adopt the profit and loss account for the year ended 31st March, 2002 and Balance sheet of the Company as on that date alongwith director's Report and Auditor's Report thereon.
2. To appoint a director in place of Mr. S.S.K Bhagat, who retires by rotation and being eligible offer himself for re-appointment.
3. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration. M/s Agrawal Dhruv & Co. Chartered Accountants, A-69-B Sector-40 Noida, being eligible offer themselves for re-appointment.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modification (s), the following resolution as "special resolution":-

"Resolved that pursuant to section 292 and 293 (1) (a) and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval if any, as required from or all appropriate authorities, consent of the company be and is hereby accorded, for the purpose of giving effect to any of the act as prescribed by Articles, to authorise the Board of Directors to sell, lease, mortgage, exchange, grant license and other rights over, improve, manage, develop and turn to account and any other manner deal with or dispose off undertaking, investments, properties, assets, product line alongwith its technology, equipments, personnel and effects of the company and any part thereof for such consideration as may be thought fit and in particular for any share, stock, debentures or other securities of any other company having objects altogether or in part similar to those of the company and sell, lease or otherwise dispose off the whole, or substantially the whole, of the undertaking of the company, or where the company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking".

"Resolved further that the consent of the company be and is hereby also granted in terms of section 293 (1) (a) and all other applicable provisions of the companies Act, 1956 to the board to create mortgage and/or charge on all or any of the company's immovable and /or movable assets, both present and future, such charge to rank pari-passu to all the mortgages/charges created/to be created by the company for all existing and future borrowings and facilities whatsoever."

"Resolved further that for the purpose of giving effect the board, be and is hereby authorised on behalf of the company to do all such acts, deeds, matters and things as it may in its discretion deem necessary, proper or desirable for such purpose in its absolute discretion, deem fit or proper.

Regd. Office
B-94, Shashi Garden
Patpar Ganj, Delhi-110091

For and on behalf of the Board
For UNITED DRILLING TOOLS LTD

Dated: 27.08.2002

(PRAMOD KUMAR GUPTA)
CHAIRMAN CUM MANAGING DIRECTOR



UNITED DRILLING TOOLS LTD.

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO 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. THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE AFORESAID MEETING.
3. The register of member and share transfer book of the company shall remain closed from 24.08.2002 to 27.9.2002 (both days inclusive)
4. The members desirous of obtaining any information concerning the accounts and the operation of the company are requested to send their queries to the company at least seven days before the date of the Meeting, so that the information required by the members can be made available at the meeting.
5. Members are requested to bring their copy of the Annual Report alongwith them at the Annual General Meeting. No copies of the Report will be distributed at the meeting.
6. Members are requested :
 - (i) To kindly notify the change of address, if any to the company.
 - (ii) To bring their copy of the Annual Report.
 - (iii) To deposit the duly completed attendance slip at the meeting.

Regd. Office
B-94, Shashi Garden
Patpar Ganj, Delhi-110091

For and on behalf of the Board
For UNITED DRILLING TOOLS LTD

Dated: 27.08.2002

(PRAMOD KUMAR GUPTA)
CHAIRMAN CUM MANAGING DIRECTOR

EXPLANATORY STATEMENT

Pursuant to the provisions of section 173(2) of the Companies Act, 1956.

In conformity with the provisions of section 173(2) of the Companies Act, 1956, the following explanatory statement sets out all material facts relating to the Special Business mentioned at Item No.4, of the accompanying notice dated 27.08.2002 and should be taken as forming part of the notice.

It was informed to the Members that the company started the business as a manufacturer of various products for Oil Industry as per its main object.

At present, your company is facing financial crunch. In order to overcome this situation, i.e., to ease cash flow, your directors had proposed to consolidate some of product lines and recommended to sell, lease, create mortgage or charge on all or any of the company's immovable and/or movable assets and any other effects of the company, both present and future agreement (s), as and when required, in the best interest of the company, if deemed fit and therefore authorised to sell or enter into any agreement for transfer of its own demanded product line to some other intended body corporate of the taking appropriate action as deemed necessary as per the provisions and compliance of the Act. Hence, seeks your approval, by special resolution, for giving authority to the Board for doing the same.

Your Directors had strongly recommended the resolution for your approval.

None of the directors is concerned with or interested in the resolution except as a shareholder of the company.

Regd. Office
B-94, Shashi Garden
Patpar Ganj, Delhi-110091

For and on behalf of the Board
For UNITED DRILLING TOOLS LTD

Dated: 27.08.2002

(PRAMOD KUMAR GUPTA)
CHAIRMAN CUM MANAGING DIRECTOR



UNITED DRILLING TOOLS LTD.

DIRECTOR'S REPORT

Members,

Your Directors have pleasure in presenting the 20th Annual Report on Business & Operation and Audited Statement of Account for the year ending 31st March, 2002.

1. Financial Results :

	2001-2002 (Rs. in lacs)	2000-2001 (Rs. in lacs)
Sales and other Income	159.67	97.17
Gross Profit (Loss)	42.57	35.92
Profit before Depreciation	(2.29)	6.23
Depreciation	4.73	7.12
Proposed dividend	Nil	NIL
Profit/Loss during the year	(7.02)	(0.89)
To which is added profit/loss Brought forward from previous year	(429.11)	(422.09)

2. OPERATION

Your company is still facing difficulties in performing to optimum standard. The main reason for this was due to not having sufficient working capital even though it has continuously followed up with banks and various other financial institution for enhancing the limits with reasonable concession.

Company's sales has improved substantially and presently, the company's products are very well accepted in the market as quality products. The Company now also has Apl monogram and all company's Products are API certified now.

3. DIRECTORS

Mr. S.S.K. Bhagat, Director to be retired by rotation at the ensuring Annual General Meeting and being eligible to offer their candidature for re-appointment.

4. PARTICIPATION OF EMPLOYEES

In accordance with the provision of section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended by the Company's (Amendment) Act, 1988, the statement is not being annexed as the same is not applicable since no employee drew the stipulated amount of salary as provided in the rules.

5. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION ETC.

As required by the companies (Disclosure of Particulars in the report of Board of Directors) Rule, 1988, Particulars relating to conservation of energy, Technology absorption, Foreign exchange earning and outgo are given in the Annexure which forms part of this report.

6. AUDITORS

M/s Agrawal Dhruv and Company, Chartered Accountant, Noida, the retiring auditor of the company, being eligible offer themselves for re-appointment.

7. Ecology & Saftycertificate : Company has taken adequate Provisions for ecology and Safty of plant, Building and Manpowers.

8. Fixed Deposits

Your Company has not accepted any deposits within the meaning of section 58 A of the companies Act 1956 and the rule made there under.

9. Director's Responsibility Statement

Pursuant to the requirement under Sec 217 (2AA) of the Companies Act, 1956 it is hereby confirmed that :

- in the preparation of annual accounts for the financial year ended 31st March 2002 the applicable accounting stadard have been followed along with proper explanations relating to material departures,
- the directors have selected appropriate accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2002 and of the loss of the company for the said period.



UNITED DRILLING TOOLS LTD.

- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the companies Act 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities, and
- d) the directors have prepared the accounts for the financial year ended 31st March 2002 on a going concern basis.

10. ACKNOWLEDGEMENT

Your directors wish to place on record their appreciation for the continued support of the customer, Financial Institutions, and suppliers. Your Directors also wish to record the appreciation for the valuable contribution made by employees at all levels and the continued support of your collaborators. On behalf of the Board of Directors, I would like to convey to our hon'ble Members our thanks for their invaluable support and confidence they have reposed in the management of the Company and hope they will continue to give their support in full spirit in the years.

Regd. Office :

B-94, Shashi Garden, Patparganj,
Delhi-110 091.

Dated : 27.08.2002

For and on behalf of the Board
For **UNITED DRILLING TOOLS LTD.**

(PRAMOD KUMAR GUPTA)
(Chairman Cum Managing Director)

ANNEXURE 1 TO DIRECTOR'S REPORT

Particulars as required under Companies (Disclosure of particulars in the Report to Board of Directors) Rules, 1988.

1. CONSERVATION OF ENERGY

Your company does not fall under the list of industries which are required to furnish information in respect of Conservation of Energy.

2. RESEARCH AND DEVELOPMENT

- (a) **Specific Area on which R & D is carried out by the Company:** The Company carried out R&D for the purpose of new product development, Import Substitution as well as for development and evaluation of alternate processes and raw materials.
- (b) **Benefit derived as a result of the above R&D:** R&D provides valuable support to the Business through innovation of New products and processes, many of which have been transferred to the plant, R&D results in improvement of quality and reduction in cost.
- (c) **Future plan of action :** New R & D is being established for Developing & Improving existing as well as new products.
- (d) **Expenditure on R&D :** Expenditure on R&D have been charged under primary heads of account.

3. TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

(A) TECHNOLOGY IMPORTED

	Year of Import	Absorption
(i) Manufacture of Down Hole Tools	1986	Full
(ii) Manufacture of Gas Lift Equipments	1988	Full
(iii) Manufacture of Handling Tools	1989	Full
(iv) Manufacture of Wireline Winches	1996	Full
(v) Manufacture of different type of connectors	1998	90%

- (B) **BENEFIT DERIVED THROUGH IMPORTED TECHNOLOGY :** It results in improvements in quality, developing import substitutes and new products.

4. FOREIGN EXCHANGE EARNING & OUTGO

Foreign Exchange Earning and outgo during this year is as under :-

- (a) **Outgo :-** Total foreign exchange outgo including cost of imported materials in 2001-2002 Rs.14,39,605.91
Previous Year Rs.10,37,887.02
- (b) **Earning :-** Physical Export earnings are Rs. 23040.00 (Previous year Nil) and Deemed Export earnings are Rs.1,36,06,313.00 (previous year Rs.86,83,042.00).



UNITED DRILLING TOOLS LTD.

AUDITOR'S REPORT TO THE SHAREHOLDERS

The Members of

UNITED DRILLING TOOLS LIMITED

We have audited the attached Balance sheet of M/S. United Drilling Tools Limited on 31st March, 2002 and also the Profit & Loss Account for the year ended on that date annexed there to. These financial statements are the responsibility of the Company's managements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and Perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- (1) As required by the manufacturing and other companies (Auditor's Report) order 1988 issued by the company Law Board in terms of section 227(4A) of the Companies Act, 1956. We enclosed in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
- (2) Further to our comments in the annexure referred to in paragraph above, We report that:
 - (a) We have obtained all the informations and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit.
 - (b) In our opinion proper books of accounts as required by the law have been kept by the company so far as appears from our examination of such books.
 - (c) The balance sheet and profit & loss account referred to in this report are in agreement with the books of accounts.
 - (d) In our opinion the balance sheet and the profit and loss account comply with the accounting standards referred to in sub-section (3c) of Section 211 of the Companies Act, 1956.
 - (e) On the basis of the written representation received from the Directors and taken on record by the Board of Directors, we report that none of the directors are disqualified from being appointed as director under clause (g) of sub section (1) of Section 274 as has been reported to us.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance sheet and the Profit & Loss Account read together with the notes whereon given the information's required by the companies act 1956 in the manner to required and give a true and fair view :