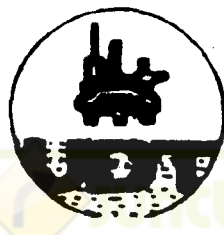


21st ANNUAL REPORT 2003



For United Drilling Tools Ltd.

R. G. G.
Managing Director

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

Report  Junction.com

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

For United Drilling Tools Ltd.


Managing Director



UNITED DRILLING TOOLS LTD.

NOTICE

Notice is hereby given that the 21st Annual General Meeting of United Drilling Tools Ltd, will be held at Bawa Palace, U-38, Shakarpur, Mother Dairy Road, Delhi-92, on Monday, the 29th September, 2003 at 11.30 a.m. to transact the following business :-

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as on 31st March, 2003, Profit and Loss Account for the year ended on that date and the Reports of Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. V.B. Mishra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Agrawal Dhruv & Co. Chartered Accountants, the retiring Auditors of the company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

Regd. Office

B-94, Shashi Garden
Patpar Ganj, Delhi-110091
Dated: 27.08.2003

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

(PRAMOD KUMAR GUPTA)
(CHAIRMAN CUM MANAGING DIRECTOR)

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING OF THE COMPANY IS ENTITLED TO APPOINT ANY PERSON AS HIS/HER PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The proxy form in order to be effective, must be deposited at the Registered Office of the company, at least 48 hours before the commencement of the meeting.
3. The register of member and share transfer book of the company shall remain closed from 25.09.2003 to 29.09.2003 (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 required
 - (i) To kindly notify the change of address, if any, to the company.
 - (ii) To bring their copy of the Annual Report
 - (ii) To deposit their duly completed attendance slip at the meeting before going into the hall of meeting.

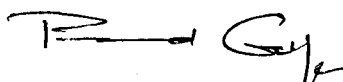
Regd. Office

B-94, Shashi Garden
Patpar Ganj, Delhi-110091
Dated: 27.08.2003

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

(PRAMOD KUMAR GUPTA)
(CHAIRMAN CUM MANAGING DIRECTOR)

For United Drilling Tools Ltd.


Managing Director



UNITED DRILLING TOOLS LTD.

Members,

Your Directors have pleasure in presenting the 21st Annual Report on Business & Operation and Audited Statement of Account for the year ending 31st March, 2003.

1. Financial Results :

	2002-2003 (Rs. In lacs)	2001-2002 (Rs. In lacs)
Sales and other Income	198.84	159.67
Gross Profit (Loss)	52.67	42.57
Profit before Depreciation	6.59	(2.29)
Depreciation	4.07	4.73
Proposed dividend	NIL	NIL
Profit/Loss during the year	2.52	(7.02)
To which is added profit/loss	(145.52)	(429.11)
Brought forward from previous year		

2. OPERATION

Your company has performed very well this year by coming into profits during the year and has turned the corner. The company's sales are further improved showing improvement in the working of the company. The company is consistently improving the quality of its products with latest technology available in the world. Its products are being accepted worldwide and we are getting several export orders and enquiries for our products. The company's products now have API monogram and are ISO-9001 Certified indicating world class quality.

The company has good orders backlog in hand and hope to perform much better during current year.

3. DIRECTORS

Mr. V.B. Mishra, Director to be retired by rotation at the ensuing 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 Companies (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 AND FOREIGN EXCHANGE EARNINGS AND OUTGO :-

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

6. AUDITORS

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

7. Ecology & Safety certificate :

The company has taken adequate Provisions for ecology and Safety of plant, Building and Manpower's welfare activities.

8. Fixed Deposits

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



UNITED DRILLING TOOLS LTD.

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 financial year ended 31st March 2003, the applicable accounting Standards 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, 2003 and of the loss of the company for the said period.
- 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
- The directors have prepared the accounts for the financial year ended 31st March 2003 on a going concern basis.

1. CONSERVATION OF ENERGY

Your company does not fall under the list of industries, which are required to furnish information in respect to Conservation of energy still the company has taken due measures to control the wastage of energy and light/power.

2. RESEARCH AND DEVELOPMENT

- Specific Area In 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.
- 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.
- Future plan of action :** New R&D is being established for Developing & Improving existing as well as new products.
- Expenditure on R&D :** Expenditure on R&D have been charged under primary heads of account.

3. TECHNOLOGY ABSORPTION, ADOPTION & 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%

- 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 :-

- Outgo :- Total foreign exchange outgo including cost of

Imported materials in 2002-2003	-	Rs. 30,06,023.45
Previous Year	-	Rs. 10,24,224.91

10. ACKNOWLEDGEMENT

Your directors wish to place on record their appreciation for the continued support of the customers, 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 to come.

Regd. Office :

B-94, Shashi Garden
Patpar Ganj, Delhi-110 091

Dated : 27.08.2003

For and on behalf of the Board

For UNITED DRILLING TOOLS LTD.

(PRAMOD KUMAR GUPTA)
(Chairman Cum Managing Director)

For United Drilling Tools Ltd.


Managing Director



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 as on 31st March, 2003 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) In the accounts for the year ended 31st March 2003, the accumulated losses amounting to Rs. 2,81,07,246.60 have been adjusted from "Capital Reserve" created on revaluation of fixed assets during the year. The treatment followed by the company is not as per practice recommended by the Institute of Chartered Accountants of India.
(Reference Note No. 11, Schedule 'Q' of notes on accounts annexed)
3. Subject to para 2 above.
 - (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 :



UNITED DRILLING TOOLS LTD.

- (i) In so far as it relates to Balance sheet of the statement of affairs has been of the company as at 31st March, 2003. and,
- (ii) In so far as it relates to the Profit & Loss Account of the Profit of the company for the year ended on that date.

PLACE : NEW DELHI
DATE : 27-08-2003

FOR AGRAWAL DHRUV & CO.
Chartered Accountants

(DHRUV K.AGRAWAL)
Proprietor

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph (1) of our report of even date)

1. The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets of the company and fixed assets have been physically verified by the Management during the year and no material discrepancies between the books of records and the physical verification were noticed.
2. Land & Bulding of the company have been revalued during the year.
3. The stocks of finished goods, semi finished goods, stores, spare parts and raw materials have been physically verified by the Management at the close of the year.
4. The procedures of physical verification of stocks, followed by the Management are reasonable and adequate in relation to the size of the company and the nature of its business except that it is not practicable to verify each item in respect of miscellaneous items of not substantial value in view of considerable number of items diverse in size and nature. Therefore, the stock of these items were verified by a visual estimation and relied upon by us.
5. The discrepancies noticed on physical verification of stock as compared to book records, have been properly dealt with in the books of accounts, and accounting value & stock has been adjusted.
6. In our opinion and on the basis of our examination and valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The company has not taken any loans, secured or unsecured from Companies firms or other parties listed in the register maintained u/s 301 of the Companies Act, 1956 or to the companies under the same management as defined under sub-section(1B) of section 370 of the companies Act, 1956.
8. The company has not granted any loans secured or unsecured to companies firms, or other parties listed in the register maintained u/s 301 of the companies act,1956 or to the companies under the same management as defined under sub section(1B) of section 370 of the Companies Act,1956.
9. The company has not given loans and advances except interest free advances to the employees who are repaying the amount as stipulated.
10. In our opinion there is an adequate internal control procedure commensurate with the size of the company and the nature its business for the purchase of stores, raw material including components, Plants and Machinery, Equipment and other assets, and for the sale of goods.