

22nd ANNUAL REPORT 2003-04



United Drilling Tools Ltd.



UNITED DRILLING TOOLS LTD.

BOARD OF DIRECTORS

SHRI PRAMOD KUMAR GUPTA
Chairman cum Managing Director
M.S.I.E., P.E. (USA)

SHRI S.S.K. BHAGAT
Director
Civil engineering Graduate
Retired Chief Engineer, NDMC, Delhi

SHRI V.B. MISHRA
Director
Graduate
Ex. P.A. to Dy. Chairman, Rajya Sabha

STATUTORY AUDITORS

AGRAWAL DHRUV & COMPANY
Chartered Accountants

REGISTERED OFFICE

B-94, Shashi Garden
Patpargang, Delhi-110091

FACTORY

Plot No. 1-D,
Block-B, Sector-10
Noida, (U.P.)

- Note :**
1. Shareholders are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
 2. No gifts or coupons would be given to the shareholders for attending the Annual General Meeting.



UNITED DRILLING TOOLS LTD.

NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Members of United Drilling Tools Limited will be held on Wednesday, the 29th September, 2004 at 11.30 A.M. at Bawa Palace U- 38, Shakarpur, Mother Dairy Road, Delhi - 92 to transact the following business:-

AS ORDINARY BUSINESS

- 1 To consider and adopt the Audited Balance Sheet as at March 31, 2004 and the Profit and loss Account for the year ended March, 31, 2004 and the report of the Board of Directors and Auditors thereon
- 2 To appoint a Director in place of Shri S.S.K. Bhagat, who retires by rotation and being eligible, offers himself for re-appointment.
- 3 To appoint Agrawal Dhruv & Co., Chartered Accountants, the retiring Statutory Auditors of the Company who shall hold office from conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

Special Business

4. To consider and if thought fit, to pass, with or without modifications, the following resolution, as an **ordinary resolution**

"RESOLVED that pursuant to the provisions of sections 198,269,309 and other applicable provisions if any of the Companies Act, 1956 and subject to approval of Central Government and such other approvals, as may be required and such modifications and conditions if any, as the Central Government or any other authority may impose and which the Board of Directors are hereby authorized to accept, consent of the members be and is hereby accorded for the appointment of Shri Pramod Kumar Gupta as Managing Director under the Companies Act, 1956 w.e.f. 21st December, 2004 to 20th December 2009 on the following terms and conditions :

1. **SALARY** : Remuneration of Shri Pramod Kumar Gupta, Managing Director be and is hereby fixed w.e.f 1.12.2004 as 12,000 P.M (Rs. Twelve Thousand only)
2. **PERQUISITES**:
 - **Housing** : The expenditure to be incurred by the Company on hiring of unfurnished accommodation will be subject to a ceiling of 60% of salary over and above 10% shall be payable by the Managing Director.
 - The expenditure to be incurred by the Company on gas, electricity, water and furnishings will be valued as per the income Tax Rules, 1962. this shall be subject to 10% of salary. If the Company doesn't provide accommodation, house rent allowance may be paid by the Company subject to the ceiling laid down in point 1. above.
 - **Medical Reimbursement** : Expenses incurred for the Managing Director and his family shall be subject to ceiling of one month's salary over a period of five years.
 - **Leave Travel Concession** :For Managing Director and his family once in a year incurred in accordance the rules of the Company.
 - **Club Fees** : Fees of clubs subject to maximum of two clubs. Admission and life membership fee will not be allowed.
 - **Personal Accident Insurance** : Premium not to exceed Rs. 3000.00 per annum.
 - **Contribution to Provident Fund and Superannuating Fund** : Company's contribution to provident fund and superannuating Fund shall not exceed 25% of the Salary as laid down under the Income Tax Rules, 1962
 - **Gratuity** : Gratuity payable shall not exceed half month's salary for each completed year of service to ceiling of Rs. 3,50,000/-. Encashment of leave at the end of tenure. The Company shall provide car with driver for use of Company's Business and telephone facility at the residence which will not be considered as perquisites.
 - The Managing director shall also be entitled to get the reimbursement of all traveling hotel and other expenses including entertainment expenses incurred by him in the due performance of his duties, which will not considered as perquisite.



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3. OTHER BENEFITS :

Leave of full pay and allowance at the rate of one month for every 11 months of service with liberty to accumulate such leave for a period of 5 months. Leave encashment for a maximum of 5 months to be permitted.

4. MINIMUM REMUNERATION

"RESOLVED FURTHER that in the case of absence or inadequacy of profits, the above said remuneration shall be minimum remuneration payable to the Managing Director

Regd. Office

B-94, shashi Garden

Patpar Ganj, Delhi-110091

Dated : 18.08.2004

By order of the board of Directors

(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 THE 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 aforesaid meeting.
3. The register of members and share transfer books of the company shall remain closed from 25.09.2004 to 29.09.2004(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
 - (a) To kindly notify the change of address, if any, to the company
 - (b) To bring their copy of the Annual Report.
 - (c) To deposit their duly completed attendance slip at the meeting before going into the hall of meeting.

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Dated : 18.08.2004

By order of the board of Directors

(PRAMOD KUMAR GUPTA)
(CHAIRMAN CUM MANAGING DIRECTOR)

EXPLANATORY STATEMENT

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

Item no. 4

Shri Pramod Kumar Gupta, Chairman cum Managing Director of Company is retiring on 20th December, 2004 on completion of his tenure. The Board of Directors of United Drilling Tools Limited at their meeting held on 18.8.2004 discussed the issue relating to appointment of Shri Pramod Kumar Gupta as Chairman & Managing Director of company w.e.f. 21.12.2004 till 20.12.2009.

Shri Pramod Kumar Gupta is B.E. and Regd. Professional Manufacturing Engineer from U.S.A. and has a wide experience of Oil Drilling Industry of U.S.A. The association and services of Sh. Pramod Kumar Gupta has been useful to the Company and the Board of Directors are of opinion that his re- appointment as Managing Director would be in the best interest of the



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Company. The Board of Directors considered that Sh. Pramod Kumar Gupta should be re-appointed as Chairman cum Managing Director and be paid remuneration as per the resolution placed before you for the approval.

The Board of Directors, therefore, re-commends the above resolution for your approval

None of the Directors except Sh. Pramod Kumar Gupta may be considered interested or concerned in the said resolution to the extent of his re- appointment as Chairman cum Managing Director and remuneration being received by him.

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors present the Twenty Second Annual report of the Company together with the Audited Statements of the Accounts for the year ended 31st March, 2004

1. FINANCIAL RESULTS :

	2003-2004 (Rs. in Lacs)	2002-2003 (Rs. in Lacs)
Sales and other Income	126.23	198.84
Gross Profit (Loss)	46.73	52.67
Profit before Depreciation	1.20	6.59
Depreciation	4.97	4.07
Proposed Dividend	NIL	NIL
Profit/Loss during the year	(8.77)	2.52
Profit/Loss	(154.29)	(145.52)

Brought forward from previous year

2. OPERATION

The Company has incurred some losses during the current financial year 2003-2004, mainly due to reduction in sales and increase in charges of depreciation. Company was also unable to make profits due to lack of working capital. Other wise your Company is getting enquiries and orders about its products from all over the world. Its products are being accepted worldwide. The Company's products now have API monogram and are ISO-9001 certified indicating world class quality.

3. DIRECTORS

Shri. S.S.K. Bhagat Director, to be retired by rotation and, being eligible for reappointment offers himself for reappointment at the ensuing Annual General Meeting.

4. PARTICIPATION OF EMPLOYEES

In accordance with the provisions 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 the Particulars in the report of Board of Directors) Rules, 1988, particulars relating to conservation of energy. Technology absorption Foreign exchange earnings 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 auditor of the company, being eligible offer themselves for re-appointment.

7. Ecology & Safety certificate:

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 the financial year ended 31st March 2004 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 judgments 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 2004 and of the profit 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 financial year ended 31st March, 2004 on a going concern basis.

ANNEXURE 1 TO DIRECTOR'S REPORT

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 still the company has taken due measures to control the wastages of energy and lights power.

2. RESEARCH AND DEVELOPMENT

- 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.
- 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, ADAPTION & INNOVATION

(A) TECHNOLOGY IMPORTED

	<u>Year of Import</u>	<u>Absorption</u>
(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 wiring 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 2003-2004	- Rs. 20,45,788.07
Previous Year	- Rs. 30,06,023.45

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 Member 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.

By order of the Board of Directors

Regd. Office
B-94, Shashi Garden
Patpar Ganj, Delhi-110 091
Dated: 18.8.2004

(PRAMOD KUMAR GUPTA)
CHAIRMAN CUM MANAGING DIRECTOR)



UNITED DRILLING TOOLS LTD.

AUDITOR'S REPORT TO THE MEMBERS OF M/S UNITED DRILLING TOOLS LTD

The Members of United Drilling Tools Ltd.

1. We have audited the attached Balance Sheet of M/S. United Drilling Tools Ltd. as at 31.3.2004 and also the Profit & Loss Account and the cash flow statement 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.
2. We conducted our audit in accordance with the 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.
3. As required by the Companies(Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph above, we report that:
 - (i) 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.
 - (ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books (and proper returns adequate for the purposes of our audit have been received from the branches not visited by us. The Branch Auditor's Report(s) have been forwarded to us and have been appropriately dealt with).
 - (iii) The Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of account (and with the audited returns from the branches).
 - (iv) In our opinion, the Balance Sheet, profit and Loss Account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (v) On the basis of the written representation received from the Directors, as on 31st March 2004 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2004 from being appointed as a director in terms of clause (g) of sub-section(I) of section 274 of the Companies Act, 1956.
 - (vi) In our opinion and to the best of our information and according, to the explanations given to us , the said accounts give the information required by the Companies Act. 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India
 - (a) In the case of the balance sheet, of the state of affairs of the company as at 31st March 2004.
 - (b) In the case of the profit and loss account, of the loss for the year ended on that date; and
 - (c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

Place : - New Delhi

Date : 18.08.2004

AGRAWAL DHURUV & CO
Chartered Accountants

(Dhruv K. Agrawal)
Prop.