

# Poised for a Sustainable Growth



### Forward-looking statements

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, may contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’ and words of similar nature in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

# Contents

UDTL's Story .....	3
The Company at a glance .....	4
The Story in numbers.....	6
Since 1985.....	8
From the Chairman and MD's desk.....	10
Going Beyond Boundaries .....	14
Practicing Financial Discipline .....	16
Managing COVID-19 at UDTL.....	18
What makes UDTL an investment opportunity .....	19
Our Strategy for Tomorrow .....	20
Our business model .....	22
Our Core Strengths.....	24
A Sustainable Tomorrow .....	26
Business segment review .....	28
UDTL's Social Commitment.....	34
Corporate Information.....	36
Notice .....	37
Director's Report.....	47
Corporate Governance Report.....	63
Management discussion and analysis .....	79
Independent Auditor's Report.....	92
Balance Sheet.....	100
Statement of profit and loss.....	101
Cash Flow Statement .....	102
Statement of Changes in Equity.....	104
Notes to the Financial Statement.....	106

**Those who see this report are likely to be impressed with the numbers we reported in a challenging 2019-20.**

**A year marked by subdued economic growth and spread of the Covid-19 pandemic.**

**Yet, we recorded an increase in our order book by 33%, an increase in our EBIDTA by 92% and an increase in our PAT by 83%. One of our best-ever year even though this was the slowest year of growth in a decade for the country.**

**Interestingly, the big story at United Drilling Tools Limited (UDTL) is not the year that passed, but the years we see ahead.**

**Not the fact that we continue to strengthen our market leadership within our industry space in India, but where we are likely to go over the foreseeable future as we continue to strengthen our international presence, our product portfolio and our technological quotient.**

**Not the fact that we emerged as the leading manufacturer of high-quality products used in the upstream oil and gas exploration industry, but being a future-focused company, the initiatives we took to tweak and reform our approach to leverage the present market scenario and thereby ensure sustainable growth.**

**The inflection starts now.**

**For years we have crafted strategies that fortified our position in the industry and brought us favourable results.**

**Hence, keeping our values, visions and quality promises intact, we worked towards remodelling our strategies, reworked on our focus areas, revived our efforts in certain aspects and thereby, we have accelerated our growth, consistently and remarkably!**

**It would have been easy playing the game for profits; but we selected to opt for sustainability instead.**

#### UDTL's Statement of Intent

We intend to create a world-class drilling tools manufacturing company.

We intend to create a company servicing the growing needs of one of the core sectors of many economies across the world.

We intend to create a research-led company delivering the best product in line with the global standards.

We intend to create a financially-derisked company, viable even

in the most challenging business environments.

We intend to create a company that balances growth with sustainability.

The world is undergoing one of its toughest phases in the twenty-first century. Rather than waiting for realities to recover, UDTL undertook the necessary initiatives that helps UDTL remain perfectly poised to exploit opportunities to fuel sustainable growth – keeping diversity and innovation at its core.

# UDTL's Story

*The story of evolution.*

## Only manufacturer

of long OD multi-start types of connectors in India

## Largest

India's largest drilling tools and equipment manufacturer

**849,341**

(sq. ft.) Total manufacturing area coverage of UDTL

**35**

Total years of rich industry experience

**16+ countries**

UDTL's growing international presence

**70%**

UDTL's market share in the upstream drilling tools and equipment market in India

**297%**

Revenue growth in the last decade

**Zero**

UDTL is a zero-debt company.

**18.60**

(₹ crores) Total dividend paid to the shareholders in the last four years

This is what best describes United Drilling Tools Limited (UDTL), India's leading manufacturers of high-quality oilfield drilling tools and equipment.

# The Company at a glance

**Oil and Gas sector. One of the core sectors in many oil dependent nations across the world.**

**United Drilling Tools Limited. A globally renowned leading manufacturer of high precision oilfield equipment matching API standards. India's largest and leading manufacturer of oil drilling, production and exploration tools and equipment.**



## Who we are

United Drilling Tools Limited (UDTL) is a growing ₹300 crores globally respected business entity that has an enviable track record of supplying products with the most reliable designs and at competitive prices. Widely recognized for manufacturing downhole tools, wireline & well service equipment, gas lift equipment, and large OD casing pipe and connectors, the Company has a history of enduring relationships with some of the globally renowned oil companies. Since its inception in 1985 by Mr. Pramod Kumar Gupta, the Company has maintained a consistent track record of creating value for all its different stakeholders and has emerged as a global leader in connector technology.



## Our Vision

Relentlessly focus on pioneering solutions for the E&P sector with devoted R&D clubbing global technology enabling higher savings for oil production companies.



## Our Mission

Providing world class quality products compatible with API standards, development on our product lines to introduce new designs at very competitive costs, create a quality embargo globally offering world class solutions and products.



## Values that form the basis of our **business culture**

### Customer Focus

UDTL is committed to the interests of its customers in its operations. Quickly responding to their requirements, the Company releases new products, upgrades its technology, modernizes its manufacturing facilities, and enhances its standard of service.

### A Comprehensive Approach

UDTL adheres to the integrated approach which it believes is a prerequisite to business success. It is the approach to using the Company's resources that affords the benefits of collaboration, which ensure a synergistic effect.

### Maximum Results

To ensure maximum effect, UDTL innovates at a high rate, strives to make timely decisions and see that these are efficiently executed, and utilizes all of the Company's resources in the best possible way.

### Our management strength

UDTL is helmed by Mr. Pramod Kumar Gupta (Chairman & Managing Director), who possesses more than three decades of rich experience in the oil and gas industry. He is aptly aided by our Executive Director Dr. Kanak Gupta, who provides strategic direction to the Company and manages all the operations and strategic partnerships. The senior management of the Company possesses extensive sectoral experience across the manufacturing, marketing, branding, distribution and finance functions.

Further the Company has a strong support of more than 450 employees comprising of engineers, quality control engineers, design / R&D engineers, and after sales service personnel. While the design and R&D team helps the Company introduce new innovative product range, while the sales support team has helped UDTL widen its domestic and global footprint.

### Where we are

Headquartered in Noida Phase-2, Distt. Gautam Budh Nagar, UDTL has its

product presence in India and in more than 16 countries across the globe.

Equipped with latest technologies such as machine-shop-with CNC, special-purpose lathes, milling machines, drilling machines, cylindrical grinders, assembly and fabrication shop, the three state-of-the-art manufacturing facilities of the Company are located at Nodia (SEZ) and Kandla, Kutch.

UDTL's holistic manufacturing competence makes it the largest manufacturer of connectors across the globe. Besides, UDTL is India's only manufacturer of Long OD multi start type of connectors in India for more than 25 years now.

### Our offerings basket

UDTL is India's largest private sector player engaged in the manufacturing of high-tech machines and tools being used in the oil, gas, drilling and allied industries. With a wide range of products under four major product lines, UDTL has emerged as a diversified player with a strong presence across the entire value chain of the oil and gas industry.

### Where we are listed

UDTL got listed on the BSE Limited in 1986 and enjoys a market capitalisation (full) of ₹300 crores (approx.) as on March 31, 2020.

### Our key certifications

UDTL is engaged in responsible and eco-friendly manufacturing practices that enhance workplace safety and yet match the global standards.

This commitment has been showcased in certifications such as ISO 9001 : 2008, ISO 14001 : 2015, and OHSAS 18001 : 2007. The Company also has product specific American Petroleum Institute (API) certifications such as API 19G1, API 19G2, API 5CT, API 7-1 & API 5L. All these certifications are recognised and respected globally.

### Wireline Winch Units

UDT Slimsplit  
UDT Flyline  
UDT Surveyline  
UDT Truckline  
UDT Landline  
Wireline Accessories

### Artificial Gas Lift Equipment

Wireline Retrievable Gas Lift Valves  
Orifice Valves  
Side Pocket Mandrels  
Dummy & Equalizing Valves  
Latches  
Standing Valves & Seating Nipples  
Running & Pulling Tools  
Conventional Casing pressure Operated Gas Lift Valves  
Conventional Tubing pressure Operated Gas lift Valves  
Conventional Check Valves  
Conventional Gas Lift Mandrels

### Down Hole Tools

Interchangeable Sleeve Stabilizer  
Integral Blade Stabilizer  
Rotary Reamers  
Subs, Lifting Subs & Plugs

### High Performance Connectors

Leopard  
Swift  
Lynx  
Puma

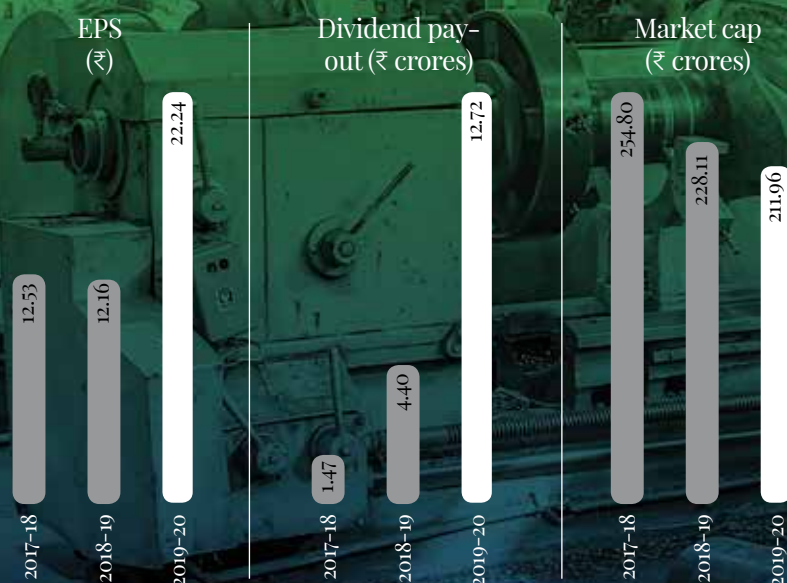
## The Story in numbers

We believe in yielding incremental returns for our stakeholders by investing in long-term growth opportunities. Our mission is to ensure that we continue steaming ahead on our path towards sustainable growth by focusing on lucrative niches, on expanding our international presence, and offering innovative products.

### Shaping a platform for growth

Revenue		EBIDTA	
+215%		+245%	
2015-16	2019-20	2015-16	2019-20
₹36.37 crores	₹114.67 crores	₹16.21 crores	₹55.96 crores
PAT		Cash profit	
+592%		+255%	
2015-16	2019-20	2015-16	2019-20
₹6.53 crores	₹45.22 crores	₹15.62 crores	₹55.45 crores

### Adding value at the hands of our shareholders





EBIDTA margin		RoCE	
+265 bps		+303.73 bps	
2015-16	2019-20	2015-16	2019-20
44.56%	48.80%	7.77%	31.37%

Net margin		RoNW	
+194 bps		+276.88 bps	
2015-16	2019-20	2015-16	2019-20
17.95%	39.43%	7.31%	27.55%

### Growing relentlessly without stretching our Balance Sheet

Net worth  
(₹ crores)



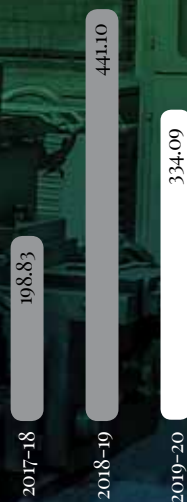
PAT margin  
(%)



Gross block  
(₹ crores)



Fixed asset  
turnover ratio



# Since 1985...

## Our Journey over the years

- Commenced UDTL's journey with its first manufacturing unit at Noida.

1985



1990 to 2000

- Expanded production line with the commencement of manufacturing of Stabilizers in 1992 and Gas Lift Valve (GLV) & Winch in 1995.
- Further strengthened UDTL's portfolio with the introduction Truck Mounted Winch.
- Strengthened UDTL's clientele by securing contracts from Government sector oil companies
- Marked UDTL's presence in the international market by exporting GLV in USA in 1996. Further, expanded its international presence by tapping the opportunities in the other international markets.



2006 to 2010

- Continue to enhance offering basket with the commencement of manufacturing of large OD casing pipe
- Strengthened UDTL's production capabilities by establishing a new manufacturing facility for production of stabilizer at Sector - 81, Noida (U.P.)
- Enhanced UDTL's international presence by exporting GLV to Singapore in 2006 and Stabilizer to Syria in 2008

