

DRIVING
GROWTH.
DELIVERING
VALUE.



United Drilling Tools Limited



ANNUAL REPORT 2021-22

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Forward looking statement

Some information in this report may contain forward-looking statements. We have based these forward-looking statements on our current beliefs, expectations and intentions as to facts, actions and events that will or may occur in the future. Such statements are identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. A forward-looking statement may include a statement of the assumptions or basis underlying the forward-looking statement. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution you that forward-looking statements and assumed facts or bases almost always vary from actual results, and the differences between the results implied by the forward-looking statements and assumed facts or bases and actual results can be material, depending on the circumstances.

Reporting period and scope

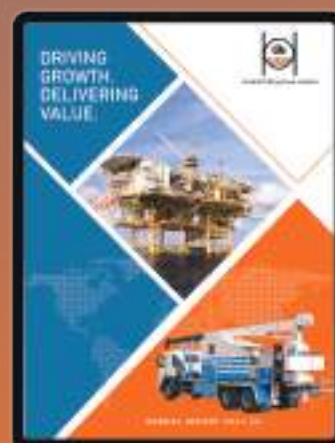
This report covers financial and non-financial information and activities of United Drilling Tool Limited ('the Company' or 'UDTL') during the period April 1, 2021, to March 31, 2022. The report's financial figures have been audited by M/s R S Dani & Co., Chartered Accountants, Rajasthan.

Materiality

We cover key material aspects that have been identified through our ongoing stakeholder engagement and are addressed by various programmes or action points set by the key management personnel.

Responsiveness

Our reporting addresses a gamut of stakeholders, each having their own needs and interests. This report is one element of our interaction and communication. It reflects how we manage our operations by accounting and responding to stakeholder concerns.



To Know more about us, please visit:
www.udtltd.com

At United Drilling Tools Limited, our fundamental philosophy has always been a relentless pursuit to grow, year after year.


We draw our growth strategies based on our fundamental strengths in developing a niche offerings basket, operational efficiencies, quality and regulatory compliances and customer centricity.

We are committed to drive and align our current and future business operations around our core philosophy. This synergy will help us create an entity that would generate sustainable value for our stakeholders.

Being India's leading manufacturer of drilling tools and equipment and one of the leading players in the world, our name today is synonymous with the unstinted trust and faith of our customers.







Over the years, we have fortified our presence in India and globally as a reliable partner, on the back of our strong ethical pedigree, core values and evolving portfolio, which stand on passion, excellence, and integrity. We drew the strategies, made the investments and worked hard to lay the foundation of a sustainable growth.

And in the last couple of years, we saw our efforts at strengthening the company, creating sustainable growth avenues and thereby creating sustainable value for our stakeholders.

We worked with the focus on driving consistent value for our stakeholders and gaining high customer trust.

As we continue to grow, we would continue focusing on consistently scaling our capacity, progressively expanding our geographic presence to newer markets and regularly adding new and improved products to our portfolio to drive growth.

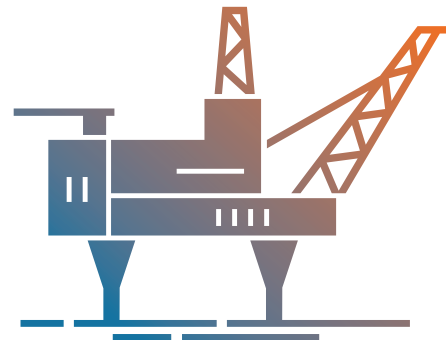
With that, we are confidently scaling up the ladder of healthy business development, operational excellence, and scalable possibilities. And, thereby, we are empowering a sustainable future for all our stakeholders!

Moving beyond the numbers, we have focused on sustainable business growth that helps create a sustainable future for our stakeholders.

At UDTL, our business growth strategy revolves around prudent decisions and constructive strategies. These helped us navigate market turbulence, balance risks and make the most of emerging opportunities to ensure that growth is sustained over the long term.

As pioneers in the Indian oil drilling equipment industry, we have expanded and enriched our portfolio with an amazing range of products across segments to suit the customers' changing aspirations. This puts us on a very strong footing in the Indian oil & gas industry, and acts as a lever to grow our international presence. It also shows our intrinsic potential to outperform with a sustained focus on operational efficiencies.

We, at UDTL, have been constantly pushing the frontiers to fulfil our growth ambitions and deliver value to our stakeholders.





THIS IS HOW WE CREATED VALUE IN FY22

₹166.42 crores

Revenue from operations

13.59%

Growth from previous year

₹75.15 crores

EBITDA

76%

Growth from previous year

₹100 crores

Order book

25%

Growth from previous year

₹71.64 crores

Profit before tax (PBT)

83.04%

Growth from previous year

₹50.36 crores

Profit After Tax (PAT)

54%

Growth from previous year

CHAIRMAN'S COMMUNICATION



"The growth story was further reflected in our profitability metrics. EBITDA stood at ₹75.15 crore, having grown 76% from last year, and PAT stood at ₹50.36 crore, registering a 54% y-o-y growth."

Dear Shareholders,

A warm welcome to all of you to the 40th Annual General Meeting (AGM) of United Drilling Tools Limited and hope that you and your families are all doing well. Firstly, I would like to express my heartfelt gratitude to the entire healthcare fraternity, the Indian government and the government agencies across the world, for braving enormous odds to combat the COVID-19 pandemic. Timely roll out of vaccinations and concerted efforts to address the pandemic-induced economic disruptions have helped the world to adopt to the new normal and to gradually return to normalcy.

As I welcome you all to our 40th AGM, I am pleased to share our perspectives on another successful year. In a period of unprecedented global volatility, UDTL remains focused on delivering strong performance and opportunities for growth – as we continue to create and deliver results and drive value for our stakeholders. Together, we have sailed through another tough year and have continued to excel, developing critical expertise and innovative products to accelerate our growth.

Despite the COVID-related disruptions such as significant supply chain constraints and a rapid rise in various

costs during the year, we reported commendable growth on the back of our strategy, product innovation, and our ability to get closer to our customers. We adapted to the shifting landscape by strategically adding talent, reorganising to better serve our customers, and expanding our capabilities to strengthen our position for a brighter tomorrow.

We continuously enhanced our product portfolio to increase our addressable market and successfully forayed into newer high-growth product categories, while strengthening our existing businesses, helping us to enhance the intrinsic value of your Company



and reduce the associated risks. Our addressable market has grown multi-fold over the last decade.

Looking back at our performance in FY22

We delivered yet another year of commendable performance, reporting a revenue of ₹166.42 crore, a growth of 13.59% over the previous year. The growth story was further reflected in our profitability metrics. EBITDA stood at ₹75.15 crore, having grown 76% from last year, and PAT stood at ₹50.36 crore, registering a 54% y-o-y growth. Our order book for the year under review stood at ₹100 crore. Thanks to our long-standing relationships with our customers, our operating cash flows remained healthy in FY22 and as of March 31, 2022, your company continues to remain a debt free company. Further, during the year, we have declared / recommended a dividend of 21% on capital for the FY 2022.

Our healthy performance and growth are the outcome of our strategic focus on partnering with our customers on their successful journey. Further, the government's focus on scaling oil exploration capability led to sustained investment in the oil and gas exploration activities. This translated into a positive business growth of the downstream industries.

Build on our growth strategy

India has an enormous potential in the oil drilling and exploration business, and that belief directed us to expand our product portfolio and meet the evolving demand of our customers. During the year, we continued to focus on creating an enviable portfolio backed

Being a business entity that has never believed in the idea of just manufacturing products and marketing them to the target group, we undertook several small measures during the year, which can add up to make a significant difference in how we grow in the years ahead.

by research and innovation, state-of-the-art manufacturing facilities and efficient sourcing capabilities to scale its business aggressively and achieve its vision to become the leading drilling tools and equipment supplier from India.

With a leaner and focused operation, we backed ourselves to deliver value to our customers by offering quality products at competitive prices. This has been made

possible by our ability to preserve and build on the economies of our scale and compete vigorously in our core markets. UDTL has always been committed to its cause of making India a self-dependent nation. In line with this strategy, we graduated from a manufacturing to an innovation-led entity. Today, thanks to our integrated operation, we have been successful in emerging as a solution provider. As we continue to reorient ourselves, we continue to realign our business strategy in line with the government's 'Atmanirbhar India' mission. At UDTL, there is a strategic clarity of how we expect to grow across the coming years. Amid the pandemic challenge, we acted swiftly to stay on track with our ongoing growth mission and invested strategically in the most critical areas of our long-term growth and value creation model. We introduced new initiatives and measures across functions, while systems and processes were strengthened manifold to create an



enabling environment for the Company to drive growth. At UDTL, we believe that this mindset is likely to enable us to achieve operational and financial targets that were previously inconceivable and is also likely to enable us to circle new orbits of exceptional performance and promising growth.

At the outset of this strategic evolution, we recognized that to achieve our future growth ambitions, we would need to build on the organizational capabilities which would help us drive growth and deliver values. Keeping this in mind, we embarked on setting up our fourth manufacturing unit in Gujarat near Mundra port. To build on our international presence, during the year, we appointed new marketing representatives in some of the key markets such as Egypt, Libya and Vietnam to promote our

products and expand our market base in these countries.

Being a business entity that has never believed in the idea of just manufacturing products and marketing them to the target group, we undertook several small measures during the year, which can add up to make a significant difference in how we grow in the years ahead. At UDTL, differentiation has always been the key propeller of our growth strategy, and over the last few years, we added several new layers of distinctiveness to our business approach. In line with this strategy, we engaged on the development of new product line such as side pocket mandrels, swift connectors and Lynx connectors, which have demand in India and overseas. Our sustained investments in technology and R&D enables the introduction of new products. We also got our product designs

(for multi-start casing pipe connectors, metal to metal seal casing pipe connectors, and weight set casing pipe connectors) patented in UK. This helps us in enhancing the sales of our products in the National and International market.

Prioritising employee and customer wellbeing

We have grown to what we are today because of the determination and perseverance of our people and the trust of our customers. They are our growth drivers and we put both our people and customers first. We ensured to provide our people with a motivating work environment, where they can perform to the best of their abilities. We have been successful in creating an inclusive, exciting, and fulfilling environment for our employees.

