

NAVIGATING THROUGH TURBULENCE

ANNUAL REPORT
2022-23



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Reporting period and scope

This report covers financial and nonfinancial information and activities of United Drilling Tool Limited ('the Company' or 'UDTL') during the period April 1, 2022, to March 31, 2023. The report's financial figures have been audited by M/s R S Dani & Co., Chartered Accountants.

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.

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.

In the realm of progress and growth, the path forward is not always a steady and predictable one.

Just as a ship must brave storms and rough seas to reach its intended destination, organizations come across challenges that scrutinize their resilience and adaptability.

During FY23, we encountered a series of challenges. A substantial surplus of inventory at our customer's end led to a decrease in order placements, exacerbated by a significant surge in steel prices. Additionally, the implementation of reverse auctions contributed to heightened competitive pressures. Cumulatively, these factors exerted adverse effects on both our revenue and overall profitability.

But this didn't deter us from our long-term goal. Instead, we saw these challenges as opportunities for growth and innovation.

We continued to reflect on the obstacles and uncertainties we faced, and focused on developing strategic initiatives that would help us on overcoming the hurdles.

We worked closely with our customers to better understand their needs and develop strategies to satisfy their needs more effectively and efficiently.

We closely monitored the volatile steel market and implemented effective hedging strategies to mitigate the impact of rising prices.

We analysed our pricing structure and continued on streamlining our operations to offer more competitive bids without compromising on quality or service. Through continuous improvement initiatives, we optimized our production processes and reduced costs, enabling us to remain competitive in this changing landscape.

As we delve into the strategies adopted and initiatives undertaken, one thing becomes clear: turbulence may be inevitable, but our ability to steer our course remains stronger than ever.



'WE CAN'

Seeing our current year's performance, many sceptics outlined a number of reasons why we could be derailed from our growth track considering the challenges we faced in FY23.

THEY SAID...

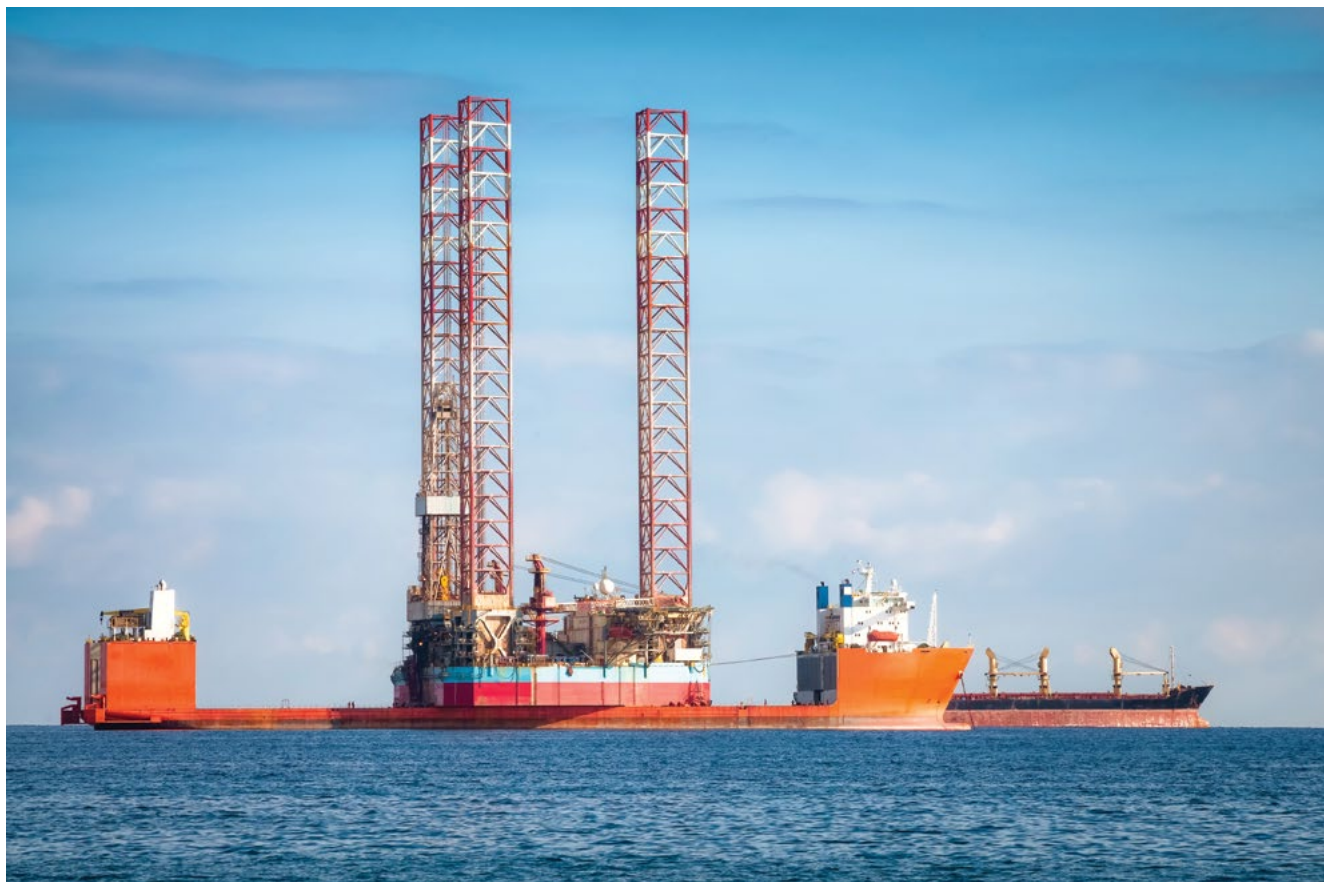
We didn't have enough orders to sustain growth.

We didn't have enough professional talent to navigate through the turbulence.

We didn't have enough experience to charter a well strategized growth path.

We didn't have a broad-based portfolio to cater a wider audience.

However, what eluded their understanding is that we possess something more precious than all these challenges combined.



Our self-belief. Captured in two simple words.

'WE CAN'

Our self-belief is a powerful force that helped propel us forward, even in the face of seemingly insurmountable challenges. While others may focus on the external obstacles that stand in their way, we understand that true strength lies within.

With this self-belief, we are not deterred by failures or setbacks. Instead, we see them as opportunities for growth and learning. We know that every stumble is just a stepping stone towards success.

With decades of extensive experience and an innate understanding of every intricate aspect of the business, we are empowered to make well-informed decisions.

The conviction that there must be a better way, even though it may not be immediately evident. The belief that team-working is the eventual balm that counters the pain of multi-site challenges.



This unwavering faith in ourselves allows us to persevere when others might give up.

Our self-belief fuels our resilience and gives us the courage to take risks and step outside of our comfort zones.

Our unwavering confidence in our abilities, our people, and our potential serves as the driving force propelling us forward and gives us the courage to stay in the fight, even when the odds appear loaded against you.

➤ **MAPPED** customer requirements precisely

➤ **ADOPTED** cutting-edge technologies

➤ **INTRODUCED** innovative product portfolio

➤ **EMBRACED** the manufacturing of high-quality and precision-engineered drilling tools and equipment

MAKING A POSIT

➤ India's **ONLY MANUFACTURER** of long OD multi-start types of connectors

➤ **~70%**

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

➤ India's **LARGEST** drilling tools and equipment manufacturer

➤ **38 years**

UDTL's longstanding industry experience

➤ **HELPED** customers arrive at informed exploration decisions

➤ **MADE** it possible for customers to get into exploration faster

➤ **MADE** it possible for customers to optimise their spending

➤ **REINFORCED** India's longstanding wish of being self-reliant in terms of oil and gas generation

➤ **EXTENDED** our presence from India to international geographies

IVE DIFFERENCE

➤ **8,49,341 sq. ft.**

UDTL's total manufacturing area spread across 4 manufacturing facilities

➤ **16+ countries**

UDTL's rising global presence

➤ **ZERO**

Making a positive difference by being a zero-debt company

CORPORATE SNAPSHOT

United Drilling Tools Limited is India's leading manufacturer of oil drilling, production and exploration tools and equipment.

The company is also one of the low-cost drilling tool and equipment manufacturer in the world.

Our scale and cost leadership have been derived from a number of capabilities.

Staying in business through good markets and bad.

Continuous engagement with prominent customers.

Courageous ability to innovate and evolve with our customers to solve their most difficult challenges.

And that has made all the difference.

We have emerged as arguably one of the largest oil drilling tools and equipment manufacturers in India.

Who we are

United Drilling Tools Limited (UDTL) stands as an emerging business powerhouse with a remarkable reputation. Throughout its journey, UDTL has demonstrated an unwavering commitment to delivering products with impeccably reliable designs while maintaining a competitive pricing edge. Renowned worldwide for its exceptional manufacturing of downhole tools, wireline and well service equipment, gas lift gear, as well as large OD casing pipes and connectors, the Company has fostered enduring partnerships with some of the most esteemed names in the international oil industry.

Since its establishment in 1985 by Mr. Pramod Kumar Gupta, UDTL has consistently upheld its mission of generating value for all stakeholders. This unwavering dedication has propelled the company to the forefront of global leadership in connector technology, establishing it as a force to be reckoned with.



The formulation and technology behind UDTL's array of products stem from extensive technical partnerships forged with esteemed manufacturers from America and Europe spanning the past two decades. Presently, UDTL stands as an autonomous manufacturer and supplier, offering a spectrum of top-notch, field-tested, dependable, and competitively priced products to our worldwide clientele with resounding success.



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.



OUR VALUES

Maximize output

We make effective use of all the resources at our disposal to attain optimal outcomes. Our diligent work practices guarantee a heightened level of productivity.

Customer focus

We are unwavering in our dedication to serving the best interests of our customers, exemplified by our provision of world-class products and services meticulously tailored to meet their precise technical specifications.

Comprehensive approach

Our cohesive strategy empowers us to leverage the full spectrum of the company's resources, thereby capitalizing on seamless collaboration and synergistic advantages.



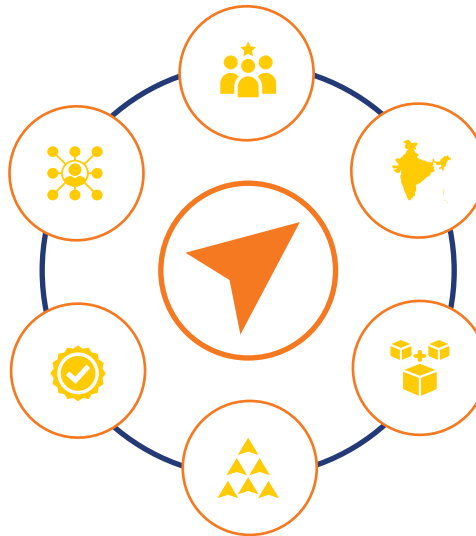
CORPORATE SNAPSHOT

WHAT HELP US STAND OUT IN THE CROWD

We possess a wealth of industry experience spanning over three and half decades

We have cultivated the capability to offer customer-centric products that are both innovative and add significant value.

We uphold product quality by adhering to the quality standards established by the American Petroleum Institute (API).



We are actively engaged in one of India's pivotal sectors: the oil & gas industry, perfectly aligned with the nation's narrative of progress and development.

We maintain a diverse portfolio to effectively address the constantly evolving demands of consumers worldwide.

We consistently uphold a strong and sustainable leadership position across the critical markets where we have a presence.

OUR BUSINESS DRIVERS

Our technology focus

In the realm of oil drilling and exploration, technology stands as a paramount factor, pivotal for both retaining existing clients and enticing new ones. Our commitment lies in furnishing clients with unparalleled tools and equipment that not only facilitate the drilling process but also yield optimal results. The harmonious interplay of technology and methodology forms the bedrock of our achievements. Bolstered by our reservoir of knowledge, proficiency, and cutting-edge technology, we have consistently maintained a competitive edge within the industry.

We pioneered the integration of groundbreaking technologies such as CNC-equipped machine shops, specialized lathes, and advanced milling machines. Through this trailblazing approach, we've elevated the capabilities of players in the Indian oil and gas sector to global benchmarks. This commitment to research and innovation has propelled our growth across both domestic and international landscapes. Our unwavering focus on leveraging state-of-the-art technologies, fostering innovation, and introducing novel products has established us as a beacon of quality and customer-centric value enhancement.

