UNITED DRILLING TOOLS LTD.

CIN : L29199DL 1985 PLCO 15796
OIL DRILLING EQUIPMENT MANUFACTURING AND SERVICES
(AN ISO 9001 & API APPROVED CERTIFIED COMPANY)
(INCLUDING ISO 14001:2004 & OHSAS 18001:2007)

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UDTL/SEC/M/6/19-20

Dated: 07.03.2020

To,
The Listing Compliance Department
BSE Limited
P J Tower, Dalal Street
Mumbai-400001

Security Code: 522014
Security ID: UNIDT
ISIN: INE961D0109

Sub: Print Media Coverage

Dear Sir/ Madam

Pursuant to Regulation 30 of SEBI (LODR) Regulations, 2015, we wish to inform to you that the management of the company is submitting hereby Print Media Coverage about the Overall Development of the company till 2020.

The article in Corporate India, a Business Magazine under the title " **Drilling its way to top** " is self-explanatory.

For **United Drilling Tools Limited**

P.K Ojha
Company Secretary
M.No. FCS 8698

Nestle, TTK Prestige, Midhani, KEI, FMCG Sector, Union Bank, IDBI Bank, ICE Make Refrigeration

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Coronavirus Blessing or curse for India?

United Drilling Tools Ltd.

Drilling its way to the top

Pramod Gupta, Managing Director

Contents

Pramod Kumar Gupta-Chairman & MD

United Drilling Tools Ltd

Drilling its way to the top

United Drilling Tools (UDTL), a NOIDA-headquartered company, engaged in the manufacture of high quality products, used in the upstream operations of oil and gas exploration space has well established in its field by now and is all set to stage a takeoff to scale new highs

Promoted way back in 1985 by passionate technocrat Mr. Pramod Kumar Gupta, a first generation entrepreneur. UDTL, relatively a small sized BSE listed company has chalked out ambitious growth plans and it is well equipped to tab new opportunities coming up in the upstream operations of oil & gas exploration space.

After pursuing his Bachelor's degree in Mechanical Engineering from BIT, India, Mr. Gupta further pursued his Master in Engineering from USA and took a first-hand experience of 10 years in senior position with the MNC Oil & Gas major there. This particular sector was in nascent stage in India during 1980s and it was readying to open up in a big way.

Looking at multiple opportunities and potential, with his sharp engineering acumen. Mr. Gupta realised well in advance that going forward India will need a lot of drilling equipment's which, infact will be an import substitute because then none of the Indian companies were manufacturing a complete range of these equipment's.

Mr. Gupta commenced operations in 1985 with the manufacturing of equipments required for drilling in oil & gas space and eventually set up three manufacturing units of which two are located in Noida and one at Gandhidham, in Gujarat. During the same period ONGC was also preparing itself for commencing its deep water offshore drilling activities at Bombay High. In order to mobilise funds for the project, Mr. Gupta came out with an IPO in 1986. Since then UDTL is listed on Bombay Stock Exchange.

The company has a diversified product offerings for offshore and onshore, which include Large OD Casing Pipes with connectors, wireline winches, gas lift equipments, downhole tools, stabilizers and well service equipments. Some of these products fall under consumables category which needs to be replaced at regular intervals.

The journey was not smooth. Recollects Mr. Gupta "despite our equipments at par with international players and pricewise 25-30% cheaper, still it was difficult to get orders." The Oil & Gas sector in India was habitual, dominated and very comfortable with equipments imported from USA and Europe. Mr. Gupta realised an inbuilt threat that exist from our own users who were skeptical of buying Indian made products.

Though in between UDTL was getting small orders on pilot basis to prove its mite but it didn't give a sense of fulfillment to Mr. Gupta. However, things started changing between the year 2000-2004 and of course from 2010 onwards, there was no looking back. A superior technology with big price difference started changing equations in favour of the company.

UDTL is also pretty strong in R & D and product innovation. It has created a complete set up with senior technical and most experienced team with an advanced lab in place. "This is one of our important strengths" adds Mr. Gupta with pride. We envisage the demand and accordingly prepare ourselves. Due to our world class quality and lesser price, UDTL has become a supplier of choice for the oil majors like ONGC and Oil India where we have built a credible repute and fall into the L1 category for the tenders floated ," maintains Mr. Gupta.

UDTL's tangible assets are at Rs. 10.74 crore against Rs. 23.89 crore of intangible assets as at Sept. 2019. Explaining the logic Mr. Gupta says "we have registered patents for design of our many products. More importantly, in our line of activity, design keeps on changing hence very often we need to apply a fresh for its registration. Currently, almost 10-11 applications are pending, awaiting approvals. The company holds 13-15 registered design patents in its name. This is an ongoing process and I am proud to say that we are quite vigilant and ahead to our peers in this regard and the primary reason of the surge in intangible assets and this number would be always grow."

Likewise, UDTL also remained very prompt in obtaining different certification to conform with the required set of domestic and global standards. It has ISO 9001 and American Petroleum Institute (API) in addition to ISO 14001 and OHSAS 18001. The access to its own most advanced machines coupled with all certifications and skilled manpower, UDTL finds itself

Dr. Kanal Gupta, Executive Director

in a most comfort zone.

The company had a technological tie-up with Oil States (UK) Ltd. for 20 years which recently got over. It has already absorbed a technology and now it is independent and could explore export markets in a big way. "Now we have a clear road map and can spread our wings without any restrictions as the quality, price and overall execution capabilities we have developed over a period of time all goes in our favour hence could easily participate in any global tender world over" avers Dr. Kanal Gupta, a dynamic Executive Director who leads the Sales & Marketing of the company.

Of late, under the 'Make in India' theme, now Indian suppliers are being given a preference. This is a very positive, favourable and paradigm shift and will lead to a big game changer for a company like UDTL, who will now enjoy a dual advantage.

UDTL is now preparing itself for a next phase of growth. On one hand it has started strengthening its marketing, both in domestic and international markets and on other hand, it has started hunting to expand its manufacturing base. The company is looking at an appropriate acquisition either in U.K. or Germany and simultaneously also has plan to augment manufacturing capacity at Gandhidham, Gujarat by setting up an another greenfield unit mainly to cater export market due to its port based location. The investments in this regard are yet to be finalized and it will be absolutely financed through an internal accruals.

Commenting on strong prospects in large OD casing pipes with connectors, Mr. Gupta explains "forever, you need a large OD casing pipes while drilling. Globally, 10,000 plus wells on onshore and 1150 on offshore wells are being drilled every year. More importantly, UDTL has a proven track record in this particular segment wherein world class quality and price factor, both goes in our favour including better profit margins."

Performance Indicators

(Rs. crore)

	2016-17	2017-18	2018-19	2019-20
				9 months
Net Revenue	80.38	73.43	156.2	89.51
Other Income	1.36	0.48	0.93	1.99
Total Revenue	81.74	73.91	157.13	91.50
Operating Profit	21.20	13.78	25.31	44.03
OPM (%)	26	19	16	48
Finance Cost	1.14	0.52	1.00	0.29
Depreciation	6.62	2.69	2.87	1.98
Profit before Tax	21.20	13.78	25.31	44.03
Tax	0.35	1.05	0.57	6.94
Profit After Tax	20.85	12.73	24.74	37.09
Equity Capital	10.18	10.18	20.34	20.34
Book Value	97.88	109.71	129.71	
E.P.S.	20.39	12.45	12.16	18.25
Promoter Holding (%)	74.09	74.65	74.65	74.65
Dividend (%)	0	12	12	12*
Net Assets	100.12	111.38	131.68	
Long Term Borrowings	0.08	0.23	0.14	0.52
Short Term Borrowings	0	15.32	0	0

* Interim diviend

The company is working on developing a couple of new products as well. Some of these products are specialized wireline winches and Side Pocket Mandrels because its demand is on rise. The Indian market size coule be anything begin with Rs 25 crore and grow in a short horizon upto Rs.50 crore, for these products whereas the global market size could be around Rs. 1000 crore. Moreover, again it is an import substitute and virtually no competitor from organized sector in India. It is also trying to explore couple of hi-tech products which could be catered to defense sector.

The company has an order book of Rs. 150 crore which also include a prestigious single order of Rs. 123 crore from ONGC, received recently. The order pipeline in the domestic geography as well as globally is surging where we could see a strong probability of conversion.

Financially, the company has started doing quite impressive. It is a debt free company. Its revenue has gone up from Rs. 80.38 crore in FY16-17 to Rs. 156.20 crore in FY18-19 and profit after tax from Rs. 20.85 crore to Rs. 24.74 crore. The EBIDTA had dropped because of change in product mix in the FY16-17. However, the company has again scored a lot in its first nine months performance in the current fiscal 2020 wherein though the revenue has come down from Rs. 133 crore to Rs. 91.5 crore, its EBIDTA and likewise profit after tax has been more than trebled from Rs. 12 crore to Rs. 37.05 crore during the corresponding period of the previous year. The operating margins have expanded from 10 % to 48%. The company has paid a dividend @ 12% for the last two financial years and it has declared the interim dividend @ 12% for the current fiscal.

Evaluating the performance of UDTL through important parameters, it appears that it would conclude the current fiscal 2020 with a revenue in the range of Rs. 110 - Rs. 115 crore and the PAT of Rs. 45-50 crore plus. The company is poised for a big leap in the coming years with its strong business verticals and good profit margins. ■