



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)

Phones : +91-0120-4842400

2462673, 4221777

Fax No. : +91-0120-2462675

USE PREFIX FOR CALLING -

From Out side Country - 91-120

From Out side State - 0120

From New Delhi - 0120

UDTL/SEC/M/6/19-20

Please Reply to Head Office

A-22, Phase-II, Noida-201305

Distt. Gautam Budh Nagar ,
Uttar Pradesh, India

E-mail : enquiry@udtltd.com

Website : www.udtltd.com

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

March 15, 2020

Corporate India

Total Pages 76

The Fortnightly Magazine for Business and Investment

₹ 50

Coronavirus Blessing or curse for India?



United Drilling Tools Ltd.

Drilling its way to the top

Pramod Gupta, Managing Director



C o n t e n t s

Cover Story

64



With the entire globe gripped by panic over the quick-spreading coronavirus which emerged from Wuhan city in China, doomsday predictions abound, with some analysts saying the unchecked spread of covid-19 could cripple the global economy and others even talking of a worldwide recession.

As with other bourses the world over, the Indian market too has crashed, with the BSE Sensex shedding 4,000 points and the Nifty 1,000 points.

Needless to say, widespread quarantine measures in China have crippled its supply chain and factory output, in the process hurting manufacturers across the globe who source inputs from there.

But an intriguing question is how the current situation will affect India's economy. Will we too be dragged down along with the rest of the world, or will we present an alternative opportunity for foreign investors, exporters and manufacturers? The coming fiscal year should provide clear answers either way.

Grapevine

08

- 'Homecoming' for the airlines
- Ruchi shares get Ramdev 'touch'
- Mixed report card

Corporate Scoreboard - 1250 plus companies

30

OTHER FEATURES

03 Editorial	26 Analysts' Corner
16 Market Winds	72 Book Review
19 Portfolio Choice	74 In Lighter Vein

Expert Opinion

68

Coronavirus hits global growth

It is unclear when the uncertainty over the global public health crisis will end and this is a major reason for investors to remain on edge. A 10% correction does not mean anything to markets per se; however, it suggests a turning point in market psyche.



Dr. VVLN Sastry

Corporate Reports

60

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.



Pramod Kumar Gupta

Corporate Reports

56

ICE MAKE REFRIGERATION LTD.

Making waves in refrigeration

With the domestic cold chain market projected to cross Rs. 25 billion by 2021, the sky is the limit for IMRL, which started with revenues of just Rs. 50 lakh and today has sales of over Rs. 130 crore. IMRL has two modern manufacturing facilities and services the entire value chain. Its first-gen promoter, Chandrakant Patel, is confident of breaching the Rs. 500-crore sales mark by 2025.



Chandrakant Patel

Industry Report

22

FAST MOVING CONSUMER GOODS

FMCG bucks overall slowdown

For FY20, Care Ratings expects the FMCG industry to grow by 11-13%. Government initiatives for boosting rural income and improving consumer sentiment will play a pivotal role in this regard. The rural markets are contributing 45% of the industry's revenues. Other factors such as increased presence of FMCG players in the e-commerce space, robust advertising spends, affordable and smaller packaging, etc., will help lift sales of FMCG in the coming months.



Analysts' Corner

26

Nestle India

'Slow down' not in its dictionary

Nestle India, the Indian outfit of Swiss multinational Nestle – the largest food and beverage company in the world which is present in as many as 191 countries — is one of the biggest players in the Indian FMCG segment, with a strong presence in milk and nutrition, beverages, prepared dishes and cooking aids, chocolates and confectionary, among others. Its popular brands which have become household names include Nescafe, Maggi, Milkybar, Milo, Kit Kat, Bar One, Milkmaid and Nestea.

Captains Speak

10

- PTC India
- Union Bank of India
- IDBI Bank



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 repote 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



Corporate Report

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."

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 could 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. ■

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 dividend