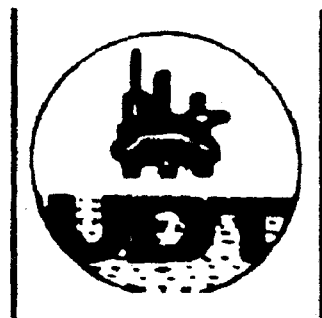


23rd
ANNUAL REPORT 2004-05



United Drilling Tools Ltd.



UNITED DRILLING TOOLS LTD.

BOARD OF DIRECTORS

SHRI PRAMOD KUMAR GUPTA
Chairman cum Managing Director
M.S.I.E., P.E. (USA)

SHRI S.S.K. BHAGAT
Independent & Non Executive Director
Civil Engineering Graduate
Retired Chief Engineer, NDMC, New Delhi

SHRI V.B. MISHRA
Independent & Non Executive Director
Graduate
Ex. P.A. to Dy. Chairman, Rajya Sabha

STATUTORY AUDITORS

AGRAWAL DHARUV & COMPANY
Chartered Accountants

REGISTERED OFFICE

B-94, Shashi Garden
Patparganj, Delhi-110091

FACTORY

Plot No. 1-D
Block-B, Sector-10
Noida (U.P.)
Gautam Bugh Nagar

- Note :**
1. Your Company is listed with CDSL for dematerialisation and Company ISIN No. is INE961D01019.
 2. Shareholders are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
 3. No gifts or coupons would be given to the shareholders for attending the Annual General Meeting.



UNITED DRILLING TOOLS LTD.

NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of United Drilling Tools Limited will be held on Thursday, the 29th September, 2005 at 11.30 A.M. at Bawa Palace, U-38, Shakarpur, Mother Dairy Road, Delhi-92 to transact the following business :-

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2005 and the Profit and loss Account for the year ended on March, 31, 2005 and the report of the Board of Directors and Auditors thereon.
2. To consider and appoint a Director in place of Shri V.B. Mishra, who is liable to retire by rotation and being eligible, offers himself for re-appointment.
3. To consider and appoint M/s Agrawal Dhruv & Co., Chartered Accountants, as Auditors to hold office from conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as "special resolution" :-

"Resolved that pursuant to section 292 and 293 (1)(a) and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval if any, as required from or all appropriate authorities, consent of the company be and is hereby accorded, for the purpose of giving effect to any of the act as prescribed by Articles, to authorize the Board of Directors to sell, lease, mortgage, exchange, grant licence and other rights over, improve, manage, develop and turn to account and any other manner deal with or dispose off undertaking, investments, properties, assets, product line along with its technology, equipments, personnel and assets of the company and any part thereof for such consideration as may be thought fit and in particular for any share, stock, debentures or other securities of any other company having objects altogether or in part similar to those of the company and sell, lease or otherwise dispose off the whole, or substantially the whole, of the undertaking of the company, or where the company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking."

"Resolved further that the consent of the company be and is hereby also granted in terms of section 293 (1)(a) and all other applicable provisions of the Companies Act, 1956 to the board to create mortgage and/or charge on all or any of the company's immovable and/or movable assets, both present and future, such charge to rank pari-passu to all the mortgages/charges created/to be created by the company for all existing and future borrowings and facilities whatsoever."

"Resolved further that for the purpose of giving effect the board, be and is hereby authorised on behalf of the company to do all such acts, deeds, matters and things as it may in its discretion deem necessary, proper or desirable for such purpose in its absolute discretion, deem fit or proper".

5. To consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution :

"Resolved that the consent of the company be and is hereby accorded under the provision of Section 293(1)(d) of the Companies Act, 1956, to the Board of Directors of the company for borrowing money from time to time even though the money to be borrowed together with money already borrowed by the company (apart from the temporary loans obtained from company's bankers in the ordinary course of business) exceeds the aggregate of the paid up capital of the company and its free reserves that is to say reserves not set apart for any specific purpose provided, however that the total amount of such borrowing shall not exceed the sum of Rs.30 crores (Rupees Thirty Crores only).

Further Resolved that the consent of the company be and hereby accorded to the Board of Directors of the company for mortgaging/charge in favour of prospective lender, bank and other financial institutions all the immovable and movable properties of the company both present and future and whole of the undertaking of the company or such of them as may be agreed to between the board and lender to secure their respective loans together with interest, commitment, charges, costs and other charges and expenses payable by the Company to them in terms of the loan agreement executed/to be executed between the company and the prospective lender, banks and other financial institutions and on the terms and conditions contained in their letter of intent/offer.

Regd. Office
B-94, Shashi Garden
Patparganj, Delhi-110091

For & on behalf of the Board

Dated : 17.08.2005

(PRAMOD KUMAR GUPTA)
CHAIRMAN CUM MANAGING DIRECTOR



UNITED DRILLING TOOLS LTD.

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING OF THE COMPANY IS ENTITLED TO APPOINT ANY PERSON AS HIS/HER PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Proxy form in order to be effective, must be deposited at the registered office of the company, at least 48 hours before the commencement of the aforesaid meeting.
3. The register of members and share transfer books of the company shall remain closed from 25.09.2005 to 29.09.2005 (both days inclusive).
4. The members desirous of obtaining any information concerning the accounts and the operation of the company are requested to send their queries to the company at least seven days before the date of the Meeting, so that the information required by the members can be made available at the meeting.
5. Members are requested to bring their copy of the Annual Report alongwith them at the Annual General Meeting. No copies of the Report will be distributed at the meeting.
6. Members are required
 - (a) To kindly notify the change of address, if any, to the company
 - (b) To bring their copy of the Annual Report.
 - (c) To deposit their duly completed attendance slip at the meeting before going into the hall of meeting,

Regd. Office

B-94, Shashi Garden
Patpar Ganj, Delhi-110091
Dated : 17.08.2005

For & on behalf of the Board

(PRAMOD KUMAR GUPTA)
(CHAIRMAN CUM MANAGING DIRECTOR)

EXPLANATORY STATEMENT

Item No. 4

Pursuant to the provision of section 173(2) of the Companies Act, 1956.

In conformity with the provisions of section 173(2) of the Companies Act, 1956, the following explanatory statement set out all material facts relating to the Special Business mentioned at Item No. 4, of the accompanying notice dated 17.08.2005 and should be taken as forming part of the notice.

It was informed to the Members that the company started the business as a manufacturer of various products for Oil Industry as per its main object.

At present, your company is facing financial crunch. In order to overcome this situation, i.e., to ease cash flow, your directors had proposed to consolidate some of product lines and recommended to sell, lease, create mortgage or charge on all or any of the company's immovable and/or movable assets and any other assets of the company, both present and future agreement(s), as and when required, in the best interest of the company, if deemed fit and therefore authorized to sell or enter into any agreement for transfer of its own demanded product line to some other intended body corporate for taking appropriate action as deemed necessary as per the provisions and compliance of the Act. Hence, seeks your approval, by special resolution, for giving authority to the Board for doing the same.

Your Directors had strongly recommended the resolution for you approval.

None of the directors is concerned with or interested in this resolution except as a shareholder of the company.

EXPLANATORY STATEMENT

Item No. 5

It is to inform to the members that the company's borrowing need base increased and would need borrowing from varied sources. Hence the present limit of 15 crores are proposed to be enhanced to Rs. 30 crores.

None of the directors are interested in the aforesaid resolution.

Regd. Office

B-94, Shashi Garden
Patpar Ganj, Delhi-110091
Dated : 17.08.2005

For & on behalf of the Board

(PRAMOD KUMAR GUPTA)
(CHAIRMAN CUM MANAGING DIRECTOR)



UNITED DRILLING TOOLS LTD.

DIRECTOR'S REPORT TO THE MEMBERS

Your Directors present the Twenty third Annual report of the Company together with the Audited Statements of the Account for the year ended 31st March, 2005.

1. FINANCIAL HIGHLIGHTS :

	2004-2005 (Rs. in Lacs)	2003-2004 (Rs. in Lacs)
Sales and other Income	399.10	126.23
Gross Profit (Loss)	58.88	46.73
Profit before Depreciation	9.56	1.20
Depreciation	8.74	9.97
Proposed Dividend	NIL	NIL
Profit/Loss during the year	0.82	(8.77)
Profit/Loss		
Brought forward from previous year	(163.47)	(154.29)

2. OPERATION

The Company has earned some profit of Rs. 0.82 lacs during the current financial year. Your company was unable to make adequate profit due to lack of sufficient working capital. Your Company is getting enquiries and orders about its products from all over the world. Its products are being accepted worldwide. The Company's products now have API monogram and are ISO-9001 certified indicating world class quality and expect to turn around in the year to come.

3. DIRECTORS

Shri. V. B. Mishra Director, to be retired by rotation and, being eligible for reappointment offers himself for reappointment at the ensuing Annual Genral Meeting.

4. PARTICIPATION OF EMPLOYEES

In accordance with the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (particulars of employees) rules, 1975 as Amended by the Companies (Amendment) Act, 1988, the statement is not being annexed as the same is not applicable since no employee drew the stipulated amount of salary as provided in the rules.

5. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

As required by the Companies (Disclosure of the Particulars in the report of Board of Directors) Rules, 1988, particulars relating to conservation of energy, Technology absorption, Foreign exchange earnings and outgo are given in the ANNEXURE-I which forms part of this report.

6. AUDITORS

M/s Agrawal Dhruv & Company, Chartered Accountants, Noida, the retiring auditor of the company, being eligible offer themselves for re-appointment.

7. STATUTORY AUDITOR'S REPORT:

The notes referred in auditor's report are self explanatory and therefore do not call for any further comments.

8. COMPLIANCE CERTIFICATE

The Directors have gone through the observation made by practicing company secretary through their compliance certificate under section 383A(1) of the Companies Act, 1956 and are in agreement with the same.

9. CORPORATE GOVERNANCE

In the terms of the management discussion and analysis report is annexed and form part of the annual report.

10. DEMATERIALIZATION OF EQUITY SHARES

Your company is listed with CDSL for dematerialization and Company's ISIN Number is INE961D01019. The company has already appointed M/s Alankit Assignment Ltd. as its agent for demat the equity shares.

11. HUMAN RESOURCES DEVELOPMENT

The company continues to enjoy cordial and warm relations with the employees and executives at all levels, special training programme, workshop, seminar etc. were continued during the year with a focus towards infusion of technical skills and quality consciousness in order to improve productivity, efficiency and quality and latest technology.

12. INDUSTRIAL RELATIONS

The industrial relation among all the employees within the organization was cordial. The employee maintained highest level of discipline, decency for the growth of the organization.

13. ECOLOGY & SAFETY CERTIFICATE

Company has taken adequate provisions for ecology and safety of plant, building and manpower's welfare activities.

14. FIXED DEPOSITS

Your company has not accepted any deposits within the meaning of section 58A of the Companies Act 1956 and the rule made thereunder.



UNITED DRILLING TOOLS LTD.

15. DIRECTOR'S RESPONSIBILITY STATEMENT

- Pursuant to the requirement under Sec 217 (2AA) of the Companies Act, 1956 it is hereby confirmed that
- in the preparation of annual accounts for the financial year ended 31st March 2005 the applicable accounting standards have been followed along with proper explanations relating to material departures
 - the directors have selected appropriate accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2005 and of the profit of the company for the said period
 - Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities, and
 - The directors have prepared the accounts for financial year ended 31st March, 2005 on a going concern basis.

ANNEXURE 1 TO DIRECTOR'S REPORT

1. CONSERVATION OF ENERGY

Your company does not fall under the list of industries which are required to furnish information in respect of conservation of energy, still the company has taken due measures to control the wastages of energy and lights power.

2. RESEARCH AND DEVELOPMENT

- Specific area on which R&D is carried out by the company :** The company carried out R&D for the purpose of new product development, Import Substitution as well as for development and evaluation of alternate processes and raw materials.
- Benefit derived as a result of the above R&D :** R&D provides valuable support to the Business through innovation of New products and processes, many of which have been transferred to the plant, R&D results in improvement of quality and reduction in cost.
- Future plan of action:** New R&D is being established for Developing & improving existing as well as new products.
- Expenditure on R&D:** Expenditure on R&D have been charged under primary heads of account.

3. TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

(A) TECHNOLOGY IMPORTED

	<u>Year of Import</u>	<u>Absorption</u>
(i) Manufacture of Down Hole Tools	1986	Full
(ii) Manufacture of Gas lift equipments	1988	Full
(iii) Manufacture of Handling Tools	1989	Full
(iv) Manufacture of wiring winches	1996	Full
(v) Manufacture of different type of connectors	1998	90%

- (B) BENEFIT DERIVED THROUGH IMPORTED TECHNOLOGY : It results in improvements in quality developing import substitutes and new products.

4. FOREIGN EXCHANGE EARNING & OUTGO

Foreign exchange earning and outgo during this year is as under :-

Outgo : Total foreign exchange outgo including cost of Imported materials in 2004-2005	-	Rs. 1,35,06,070.67
Previous Year	-	Rs. 20,45,788.07

10. ACKNOWLEDGEMENT

Your directors wish to place on record their appreciation for the continued support of the customer, Financial institutions and suppliers. Your directors also wish to record the appreciation for the valuable contribution made by employees at all levels and the continued support of your collaborators. On behalf of the Board of Directors, I would like to convey to our hon'ble Member, our thanks for their invaluable support and confidence they have reposed in the management of the company and hope they will continue to give their support in full spirit in the years to come.

For & on behalf of the Board

Regd. Office
B-94, Shashi Garden
Patpar Ganj, Delhi-110 091
Dated. 17.08.2005

(PRAMOD KUMAR GUPTA)
CHAIRMAN CUM MANAGING DIRECTOR)



UNITED DRILLING TOOLS LTD.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENT

The company is already supplying and manufacturing various kinds of oil drilling tools, equipments and accessories to Oil & Natural Gas Corporation Ltd. and Oil India Ltd. The Board of Directors are very much confident about the success of the existing as well as new projects.

OPPORTUNITIES & THREATS

As oil market is totally in a swing mood creating vast opportunity for the industry as a whole, the company has taken various steps to capture larger share in the market. The management is optimistic as to the future outlook of the company in the medium to long term prospective.

RISKS & CONCERNS

The company has taken adequate preventive and precautionary measures to overcome all negative factors responsible for low trend to ensure steady growth.

INTERNAL CONTROL SYSTEM & ITS ADEQUACY

As per of its major thrust to implement corporate governance in the organization, the company has already constituted Committee like Audit Committee, Investors' Grievance Committee and Remuneration Committee. The company hopes that with more transparency, the company will be enhanced to maintain a fair growth during the next fiscal year. Internal control system have been tightened with Internal Audit Committee, besides holding regular meeting with Departmental Heads to monitor progress or problems and sorting out them.

DISCUSSION ON FINANCIAL PERFORMANCE

As already detailed in the financial highlights the revenue generation of the company was higher as compared to earlier year, because of the various good factors.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATION

With the implementation of corporate governance, the company has implemented various measures to provide more scope for development of human resources, thereby allowing the employees better opportunities to achieve higher performance and efficiency in their respective assignments and employment.

COMPANY'S PHILOSOPHY

United Drilling Tools Ltd. believes in fairness, full disclosure in reporting systems, total transparency in the corporate culture, fiduciary and trusted relationship and maximization of shareholder value in the long run at the pillars on which the structure of the corporate governance stand. The corporate governance hinges on accounting, responsibility, effective monitoring, quality of information, integrity, trusty and confidence and not merely following the enacted legislation alone.

United Drilling Tools Ltd. believes that a well-constituted and competent board of the company and alone efficiency adopt corporate governance framework of, "prospective plans, policy, process, productivity, performance and people." The board must effectively monitor the corporate resources comprising of "men, money, material, marketing, and management & motivation.

BOARD OF DIRECTORS

The Board of Directors of the company comprising of three Directors with one Chairman-cum-Managing Director and two independent non executive directors. No directors is a member of more than ten committees or chairman of the more than five committee across in all companies in which they are directors.



UNITED DRILLING TOOLS LTD.

The composition and category of directors as follows :

DIRECTORS	DESIGNATION	CATEGORY
P.K. Gupta	Chairman-cum-Managing Director	Executive
S.S.K. Bhagat	Director	Independent & Non Executive
V.B. Mishra	Director	Independent & Non Executive

During the year, the Board meet six time as against the minimum requirement of four meetings on the following dates namely 28.04.2004, 28.07.2004, 18.08.2004, 29.09.2004, 27.10.2004, 28.01.2005.

RESPONSIBILITIES

The Board's fundamental concentration is on strategic issues and approval, policy and control, and delegation of powers. The Board has specified a schedule of major matters that are reserved for its consideration and decision. Besides review of corporate performance and reporting to shareholders. The respective roles of Board and management are clearly demarcated. The management is required to (A) provide necessary inputs and basis to support the board in its decision making process in respect of the company's strategic, policies, targets and code of conduct, (B) manage day-to-day affairs of the company to best achieve target and goals approved by the Board, (C) implement all policies and the code of conducts, as approved by the Board, (D) provide timely, accurate, substantive and all material information, information, including all financial matters and exception if any, to the Board and/or its committee, (E) be responsible for ensuring internal control systems. The Board requires the organization to endeavour to conduct business and develop relationship in a responsible dignified and honest way and a formal code of conduct for employees in the policy framework.

BOARD MEETINGS

Board meetings are normally held at company's registered office, and are typically scheduled about a week in advance. The Board meets quarterly to inter-alia, review all relevant matters, agenda for meetings are prepared by the executive director and papers are circulated to all directors in advance. Directors have access to the executive director's support and all information of the company and are free to suggest inclusion of any matter in the agenda. Senior officers are called to provide clarifications or presentations whenever required. To enable full attention to all relevant affairs, the board delegates specified matters to its committees, which reports to the board.

COMMITTEE OF DIRECTORS

Audit Committee

The audit committee of the company comprise three directors Mr. Pramod Kumar Gupta, (Chairman), Mr. S.S.K. Bhagat, Director, Mr. V.B. Mishra, Director were the members of the committee.

As per the terms of reference specified by the Board, the audit committee in addition to acting in accordance with the provisions of Section 292A of the Companies Act, 1956 shall also oversee the following functions :

- (1) Company's financial reporting process and disclosure of its financial information to ensure that the financial statement reflect the true and fair view of the state of affairs of the company.
- (2) Recommending the appointment and removal of statutory auditors and internal auditors
- (3) Reviewing with the management, statutory internal auditors, the adequacy of internal control system.
- (4) Discussing with internal auditors, any significant findings and follow up thereon.
- (5) Reviewing with the management the quarterly unaudited financial statements and annual financial statements before submission to the Board.
- (6) Financial and accounting practices and policies.
- (7) Reviewing the company's financial and waste management policies



UNITED DRILLING TOOLS LTD.

REMUNERATION COMMITTEE

The remuneration committee comprise of three directors namely Mr. V.B. Mishra (Chairman), Mr. S.S.K. Bhagat and Mr. P.K. Gupta, were the members of the committee. The committee oversees the following functions :

- The method, criteria and quantum of compensation for directors
- Recruitment of the key management employees and their compensation

The company's remuneration policy has been to reward employees based on their level of responsibility, performance and potential.

SHAREHOLDER'S/INVESTOR'S GRIEVANCE COMMITTEE

(1) The shareholder's/investor's grievance committee oversees the following functions :

- Approving the transfer and transmission of securities
- Issuance of duplicate share certificates
- Redressing grievances received from the investors
- Suggesting measures to improve investor's satisfaction

(2) The committee presently comprise of Mr. Pramod Gupta (Chairman) and Mr. V.B. Mishra.

CODE OF CONDUCT

The company is in process of laying down the code of conduct for all the Board members and senior management of the company.



UNITED DRILLING TOOLS LTD.

Annexure to Director's Report
Balraj Sharma & Associates
Practicing Company Secretaries

206, Munish Plaza 20
Ansari Road, Opp. Fire Station
Daryaganj, New Delhi-110002
Phone : 23280420, 23254488
23274488, 9810065041 (M)
Email : balrajsharmafcs@yahoo.co.in

Registration No. of the Company : 55-015796

Nominal Capital : Rs. 5,00,00,000/-

SECRETARIAL COMPLIANCE CERTIFICATE

(In pursuance of the Proviso to Section 383A of the Companies Act, 1956)

TO
The Member
M/S UNITED DRILLING TOOLS LTD.
B - 94, Shashi Garden, Patparganj
New Delhi - 110091

We have examined the register, records, books and paper of UNITED DRILLING TOOLS LIMITED, having Registered Office at B- 94, Shashi Garden, Patparganj, New Delhi - 110091 as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provision contained in the Memorandum and Article of Association of the Company for financial year ended on 31st March, 2005.

In our opinion and to the best of our information and according to the examinations carried out by us and explanation furnished to us by the company, its officers and agent, we certify that in respect of the aforesaid financial year.

- (1) Company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions and the rules thereunder and all entries therein have been duly recorded.
- (2) The company has duly filed the forms and returns as stated in Annexure "B" to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
- (3) The company, being public limited company, has the minimum prescribed paid up capital.
- (4) The Board of Director duly met 6 (six) times on 28.04.2004, 28.07.2004, 18.08.2004, 29-09-2004, 27.10.2004 and 28.01.2005 in respect of which meetings proper notices were given and proceedings were properly recorded in the Minutes book maintained for the purpose.
- (5) The company closed its Registers of Members from 25.09.2004 to 29.09.2004 for holding AGM and necessary compliance of Section 154 of the Act has been made.
- (6) The Annual General Meeting for the financial year ended on 31st March, 2004 was held on 29-09-2004 after giving due notice to the members of the company and resolution passed thereat were duly recorded in the minutes book maintained for the purpose.
- (7) No Extra Ordinary General Meeting was held during the financial year.
- (8) The company has not advanced any loan to its directors or persons or firms or companies referred to in section 295 of the Act.
- (9) The company has not entered into any contracts falling within the purview of Section 297 of the Act.



UNITED DRILLING TOOLS LTD.

- (10) The company has made necessary entries in the register maintained under Section 301 of the Act.
- (11) As there were no instances falling within purview of Section 314 of the Act, the company has not obtained any approvals from the Board of Directors, members of Central Government, as the case may be.
- (12) The company has issued one duplicate share certificate in lieu of defaced share certificate during the financial year.
- (13) The company has :
 - (i) delivered all the certificates on transfer of securities during the financial year in accordance with provisions of the Act.
 - (ii) not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - (iii) not posted dividend warrants to any member of the company as no dividend was declared during the financial year.
 - (iv) not transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interests accrued thereon which have remained unclaimed/unpaid for a period of seven years to Investor Education and Protection Fund.
 - (v) duly complied with the requirements of the Section 217 of the Act.
- (14) The Board of Directors of the Company is duly constituted and there was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
- (15) The company has reappointed Managing Director during the year w.e.f. 01. 12.2004 in the annual general meeting held on 29.09.2004
- (16) The company has not appointed any sole selling agents during financial year.
- (17) The company has re-appointed Managing Director w.e.f. 01.12.2004 subject to approval of Central Govt. u/s 198, 269, 309 and other applicable provisions of the Companies Act, 1956, and file application for managerial remuneration on 01.04.2005, (120 days from the date of appointment) which is beyond the prescribed period under section 269(3) of the Companies Act, 1956 and is under consideration with the ministry of company affairs.
- (18) The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provision of the Act and the rules made thereunder.
- (19) The company has not issued any shares, debentures or other securities during the financial year.
- (20) The company has not bought back any shares during the financial year.
- (21) There was no redemption of preference shares or debentures during the financial year.
- (22) There were no transactions necessitating the company to keep in abeyance the right to dividend, right shares and bonus shares pending registration of transfer of shares.
- (23) The company has not invited/accepted any deposits including any loans falling within the purview of Section 58A during the financial year.
- (24) The amount borrowed by the company from directors, financial institutions, banks, body corporate and others during the financial year ending 31.03.2005 are within the borrowing limits of the company and that necessary resolutions as per section 293(1)(d) of the Act was passed earlier in duly convened annual general meeting.
- (25) The company has not made any loans or advances or given guarantees or provided securities to other body corporate and consequently no entry has been made in the register kept for the purpose.
- (26) The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.

UNITED DRILLING TOOLS LTD.



- (27) The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
- (28) The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
- (29) The company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
- (30) The company has not altered its articles of association during the financial year.
- (31) There was no prosecution initiated against the company but show cause notice received by the company from SEBI during the financial year, for violation of Takeover Regulations, for which a satisfactory reply has been submitted.
- (32) The company has not received any money as security from its employees during the financial year.
- (33) The company has generally deposited in time both employee's and employer's contribution to provident fund with prescribed authorities pursuant to Section 418 of the Act.

Place : New Delhi
Date : 17.08.2005

Balraj Sharma & Associates
S/D
Company Secretary
FCS 1605
CP No. 824

REGISTERS AS MAINTAINED BY COMPANY

Annexure A

A. FINANCIAL BOOKS

- (a) Journal
- (b) Ledger
- (c) Cash book
- (d) Vouchers

B. SECRETARIAL BOOKS

1. Register of members u/s 150 (Complete up to 31.03.2005)
2. Minutes of General Meeting u/s 193
3. Minutes of Board Meeting u/s 193
4. Register of Contract in which Directors are interested u/s 301
5. Register of Director u/s 303
6. Register of Director's shareholding u/s 307
7. Register of Loans, Advances and Investments u/s 372A (old)
8. Register of share transfer
9. Register of Charges
10. Register of share Application and Allotment (old).



UNITED DRILLING TOOLS LTD.

ANNEXURE B

Forms and returns as filed by the company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2005.

Sl. No.	Form / Return	Filed u/s	For	Date of filling	Whether filed within prescribed time	If delay in filling whether requisite additional fee is paid
1	Annual Return	159	31.03.2004 (Date of A.G.M.) 29.09.2004)	31.05.2005	No	Yes
2	Balance Sheet	220	31.03.2004	28.10.2004	Yes	N.A.
3	Compliance Certificate	Proviso of Sec 383 A (1)	31.03.2004	28.10.2004	Yes	N.A.
4	Application for appointment of Managing Director	198, 269 & 309	01.04.2004	01.04.2005	No	Rs. 4,000/- Paid



UNITED DRILLING TOOLS LTD.

AUDITOR'S REPORT

TO THE MEMBERS OF M/S UNITED DRILLING TOOLS LTD

The Members of United Drilling Tools Ltd.

1. We have audited the attached Balance Sheet of M/S. United Drilling Tools Ltd as at March 31, 2005 and the related Profit & Loss Account and cash flow statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's managements. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956 of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us. Further to our comments in the annexure referred to in paragraph above, we report that:

(i). we have obtained all the informations and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit.

(ii). In our opinion, proper books of accounts as required by Law have been kept by the company so far as appears from our examination of those books.

(iii). The Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of account.

(iv). In our opinion, the Balance Sheet, profit and Loss Account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

(v) On the basis of the written representation received from the Directors, as on 31st March 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

(a). In the case of the balance sheet, of the state of affairs of the company as at 31st March 2005.

(b). In the case of the profit and loss account, of the profit for the year ended on that date; and

(c). In the case of the cash flow statement, of the cash flows for the year ended on that date.

AGRAWAL DHRUV & CO.
Chartered Accountants

(Dhruv K. Agrawal)
Partner

Place: New Delhi
Date: 17.08.2005



UNITED DRILLING TOOLS LTD.

ANNEXURE TO THE AUDITORS REPORT

(Referred to in paragraph (3) of our report of even date)

- 1) The company maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- 2) All the Assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification. However management is preparing a phased programme designated to cover all items over a period of three years.
- 3) In our opinion and according to informations and explanations given to us, during the year, the company has not disposed off any plant and machinery.
- 4) The inventory except stock with vendor has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- 5) In our opinion, The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- 6) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- 7) In our opinion and as per information and explanation given to us. The following are the particulars of loans taken by the company from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act 1956.

S.No.	Name of Party	Relationship with company	Amount	Year and Balance
1.	P.K.Gupta	Director	41,30,043.00	41,30,043.00

- 8) In our opinion and as per information and explanations given to us, the following are the particulars of loans granted by the company to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.

S.No.	Name of Party	Relationship with company	Amount	Year and Balance
1.	Nil	Nil	Nil	Nil

- 9) As per records of company supplied to us and information & explanations given to us no interest have been granted on loans which have been taken from/granted to companies, firms or other parties listed in the registers maintained under section 301 and are not, prima facie, prejudicial to the interest of the company.
- 10) In our opinion, the company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest. The parties have repaid the principal amounts as stipulated and have been regular in the payment of interest.
- 11) In our opinion and as per information & explanation given to us, there is no overdue amount of loans taken from or granted to companies, firms or other parties listed in the registers maintained under section 301 of the Companies Act, 1956.
- 12) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.



UNITED DRILLING TOOLS LTD.

- 13) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the registers maintained under Section 301 have been so entered.
- 14) In our opinion and according to the information and explanations given to us the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 and exceeding the value of five Lacs rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 15) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public to which the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, Framed there under apply. According to the information and explanation given to us, no order has been passed by the National Company Law Tribunal, Company Law Board, Reserve Bank of India or any court or any other tribunal on the company in respect of deposits.
- 16) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- 17) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act 1956 and we are of the opinion that prima facie the prescribed accounts and reports have been made and maintained.
- 18) According to the records of the company, the company has been regular in deposit with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees state insurance, income-tax, wealth tax, custom duty, excise duty, cess and other statutory dues applicable to it.
- 19) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund Employees, State Insurance, Income-tax, Sales tax, Wealth-tax, Custom Duty, Excise duty, cess and any other statutory dues have been deposited regularly during the year with the appropriate authorities. There were no arrears of the aforesaid dues as on the date of the Balance Sheet for a period of more than six months from the date they became payable.
- 20) In our opinion and according to the information & explanation given to us, there are no dues of sales tax, income tax, custom tax/wealth tax, excise duty/ cess which have not been deposited on account of any dispute.
- 21) The company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year. The accumulated losses of the company are more than fifty percent of its net worth but the net worth is positive.
- 22) Based on our audit procedures and on the information and explanations given by the management, the details for term loan and working capital have been contested by the company against subsidy receivables.
- 23) Based on our examinations of documents and records we are of the opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 24) Based on our examinations of the records and evaluation of the related internal controls, we are of the opinion that proper records have been maintained of the transaction and contracts and timely entries have been made in those records.
- 25) The company has not given any guarantee for loans taken by others from the bank or financial institutions.
- 26) The company has not raised any new term loans during the year.
- 27) In our opinion and according to the informations and explanation given to us, the terms loans have been applied for the purpose for which they are obtained.
- 28) The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.



UNITED DRILLING TOOLS LTD.

- 29) During the period covered by our audit report, the company has not created security in respect of debentures issued.
- 30) The company has not raised any money by way of public issue during the year.
- 31) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
- 32) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- 33) On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- 34) **Based upon the audit procedures performed and information and explanation given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.**

AGRAWAL DHRUV & CO.
Chartered Accountants

(Dhruv K. Agrawal)
Partner

Place: New Delhi
Date: 17.08.2005.

UNITED DRILLING TOOLS LTD.



M/s UNITED DRILLING TOOLS LIMITED BALANCE SHEET AS AT 31ST MARCH 2005

PARTICULARS	SCHEDULE	AS AT 31.03.2005		AS AT 31.03.2004	
		Rs.	Ps.	Rs.	Ps.
I. SOURCES OF FUNDS					
1. Share holder's Funds					
(A) Capital	A	1,91,68,225.25		1,91,68,225.25	
(B) Reserves and surplus	B				
(i) Investment Allowance Reserve		7,63,817.00		7,63,817.00	
(ii) General Reserve		45,517.00		45,517.00	
		<u>1,99,77,559.25</u>		<u>1,99,77,559.25</u>	
2. LOAN FUNDS					
(A) Secured Loans	C	4,44,33,818.88		4,44,33,818.88	
(B) Unsecured Loans	D	1,53,22,273.00		1,53,22,273.00	
Sub Total		<u>5,97,56,091.88</u>		<u>5,97,56,091.88</u>	
Total 1+2		<u>7,97,33,748.11</u>		<u>7,97,33,748.11</u>	
II APPLICATIONS OF FUNDS					
1. Fixed Assets					
(a) Gross Block		5,77,04,512.11		5,76,85,294.11	
Less Depreciation		(2,00,31,273.54)		(1,91,57,667.92)	
		<u>3,76,73,238.57</u>		<u>3,85,27,626.19</u>	
2. INVESTMENTS					
3. Current Assets Loans & Advances	F				
(a) Inventories		1,70,53,156.19		1,42,22,315.65	
(b) Sundry Debtors		1,15,74,177.51		17,00,052.37	
(c) Cash and Bank Balance		31,60,014.28		31,56,906.06	
(d) Loans and Advance		13,06,846.96		3,98,360.50	
4. Less Current Liabilities & Provisions	G				
(a) Current Liabilities		(63,80,989.67)		(48,62,938.06)	
(b) Provisions		---		---	
Net Current Assets		2,67,13,205.27		1,46,14,696.52	
5. Profit and Loss Account		1,53,47,304.27		1,54,29,236.17	
Total of 1 to 5		<u>7,97,33,748.11</u>		<u>7,97,33,748.11</u>	

The annexed note(Q) and accounting policies (R) cash flow statement (S) balancesheet abstract and company's General Business profile (T) and other Schedule A to P form integral part of the Balancesheet as per our report of even date attached.

FOR AGRAWAL DHRUV & CO.

Pramod Kumar Gupta
S.S.K. Bhagat
V.B. Mishra

Chairman Cum Managing Director
Director
Director

(Dhruv K. Agrawal)
Partner
Place : New Delhi
Date : 17-08-2005



UNITED DRILLING TOOLS LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2005

PARTICULARS	SCHEDULE	CURRENT YEAR		PREVIOUS YEAR	
		Rs.	Ps.	Rs.	Ps.
I. INCOME					
Sales		3,93,29,214.00		1,11,10,421.00	
Other Income	H	5,80,441.90		15,13,469.52	
Increase In Stock	I	10,24,901.17		7,56,520.58	
II. EXPENDITURE		4,09,34,557.07		1,33,80,411.10	
Raw Material Consumed					
Opening Stock		5,45,977.58		4,23,258.29	
Purchase		3,34,66,874.88		68,62,747.19	
		3,40,11,852.44		72,86,005.48	
Less Closing Stock		28,51,818.89		5,46,977.58	
		3,16,59,735.51		67,40,027.92	
Manufacturing Expenses	J	33,88,699.48		19,87,013.81	
Payment to Provision for Employees		9,98,831.33		9,64,301.74	
Selling and Administration Expenses	K	18,22,320.08		13,06,623.43	
Management Remuneration	L	1,04,129.00		1,44,000.00	
Financial Expenses	M	4,60,689.69		1,57,043.76	
Depreciation	N	8,73,605.62		9,97,227.44	
Auditors Remuneration	O	33,060.00		32,400.00	
Other Expenses	P	15,13,554.46		19,49,328.52	
		4,08,52,625.17		1,42,57,966.42	
Net Profit/(Loss) before Investment Allowance Reserve		81,931.90		(8,77,555.32)	
Investment Allowance Reserve		-----		-----	
Net Profit / (Loss)		81,931.90		(8,77,555.32)	
APPROPRIATION					
Profit (Loss) for the year Ended(31st March 2005)		81,931.90		(8,77,555.32)	
Less : Proposed Dividend		-----		-----	
Debit Balance B/F					

As per our report on annexed balancesheet of even date attached.

FOR AGRAWAL DHRUV & CO.

(Dhruv K. Agrawal)
Partner

Place : New Delhi

Date : 17-08-2005

Pramod Kumar Gupta
S.S.K. Bhagat
V.B. Mishra

Chairman Cum Managing Director
Director
Director



UNITED DRILLING TOOLS LTD.

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2005

SCHEDULE 'A' SHARE CAPITAL	Current Year		Previous Year	
	Rs.	Ps.	Rs.	P.
Authorised Share Capital 50,00,000 Equity Shares of Rs. 10/- each	5,00,00,000.00		5,00,00,000.00	
	<u>5,00,00,000.00</u>		<u>5,00,00,000.00</u>	
Issued Capital 19,67,400 Equity Shares of Rs. 10/- each	1,96,74,000.00		1,96,74,000.00	
	<u>1,96,74,000.00</u>		<u>1,96,74,000.00</u>	
Subscribed and paid up Capital 19,67,400 Equity Shares of Rs. 10/- each	1,96,74,000.00		1,96,74,000.00	
Less : Calls in Arrears	5,05,774.75		5,05,774.75	
	<u>1,91,68,225.25</u>		<u>1,91,68,225.25</u>	

SCHEDULE 'B' RESERVES & SURPLUS

	As At 31, March 2004		Additions During the year		Deductions		As At March 31.03.2005	
	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.
Capital & Reserve	-	-	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-	-	-
Profit & Loss A/c	(1,54,29,236.17)	-	-	-	81,931.90	-	(1,53,47,304.27)	-
Previous Year	(1,45,51,680.85)	-	(8,77,555.32)	-	-	-	(1,54,29,236.17)	-

SCHEDULE 'C'

Secured Loans

1. U.P.F.C.(Secured by Mortgage of the whole of Assets of the company including Land, Building, Plant & Machinery, electric-Fitting and personally guaranteed by Directors of the Company)	51,92,000.00	51,92,000.00
2. Indian Overseas Bank		
(A) Packing Credit Secured against Hypothication of stocks and Directors personal guarantee.	2,91,05,152.27	2,91,05,152.27



UNITED DRILLING TOOLS LTD.

(B) Bill Discount		
Secured against Govt. supplybills and Director personal guarantee		
Bill Inland	53,08,859.83	53,08,859.83
L.C.B.R. Foreign	44,95,009.00	44,95,009.00
(C) Indian Overseas Bank (Current Account)	3,24,539.56	3,24,539.56
3. Short Term Loan and Advances		
(a) Standard Chartered Bank	-	-
(b) Hong Kong Bank	-	509.07
(c) ABN Amro Bank (Auto Loan)	8,355.20	83,737.90
(d) American Express Bank		2,149.00
	<u>4,44,33,915.86</u>	<u>4,44,63,956.63</u>

SCHEDULE (D)

UN SECURED LOAN

Loan from Directors	41,30,043.00	41,30,043.00
from corporate body	1,11,92,230.00	-
	<u>1,53,22,273.00</u>	<u>41,30,043.00</u>

SCHEDULE 'E' OF DEPRECIATION FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2005

Sl. No.	Description of Fixed Assets	Rate of Dep.	GROSS BLOCK			DEPRECIATION				NET BLOCK	
			As on 31.3.2004	Addition During The Year	Addition due to Revaluation	As on 31.03.2005	upto 31.3.2004	During the Year	Up To 31.3.2005	As on 31.03.2005	As on 31.3.2004
1.	*Car (HYP)	25.89%	7,26,321.00	-	-	7,26,321.00	5,85,025.17	36,581.49	6,21,606.66	1,04,714.34	1,41,295.83
2.	Scooter	25.89%	9,590.30	-	-	9,590.30	9,497.58	24.00	9,521.58	68.72	92.72
3.	Cycle	20%	2,200.25	-	-	2,200.25	2,122.40	15.57	2,137.97	62.28	77.85
4.	Furniture & Fixture	18.10%	4,62,357.77	-	-	4,62,357.77	4,17,686.30	8,085.54	4,25,771.84	36,585.93	44,671.47
5.	Office Equipment	13.91%	1,64,325.25	12,400.00	-	1,76,725.25	1,10,214.02	8,548.69	1,18,762.71	57,962.54	54,111.23
6.	Electric Fitting	18.10%	3,32,839.78	-	-	3,32,839.78	3,13,195.88	3,555.55	3,16,751.43	16,088.35	19,643.90
7.	Land	-	3,10,31,000.00	-	-	3,10,31,000.00	-	-	-	3,10,31,000.00	3,10,31,000.00
8.	Plant & Machinery	13.91%	1,34,53,182.68	-	-	1,34,53,182.68	1,14,92,403.79	2,72,744.34	1,17,65,148.13	16,88,034.55	19,60,778.89
9.	Testing & Equipment	13.19%	1,23,091.87	-	-	1,23,091.87	1,11,348.23	1,548.99	1,12,897.22	10,194.65	11,743.64
10.	Tools & Dies	13.91%	14,68,687.47	2,268.00	-	14,70,955.47	11,16,652.62	49,001.76	11,65,654.38	3,05,301.09	3,52,034.85
11.	Generator	13.91%	1,58,566.27	-	-	1,58,566.27	1,43,557.80	2,087.68	1,45,645.48	12,920.79	15,008.47
12.	Fire Fighting & Equipment	13.91%	25,637.00	4,550.00	-	30,187.00	16,405.91	1,290.99	17,696.90	12,490.10	9,231.09
13.	Computers	40%	2,05,075.28	-	-	2,05,075.28	2,00,650.63	1,769.86	2,02,420.49	2,654.79	4,424.65
14.	Building	10%	95,22,419.19	-	-	95,22,419.19	46,38,907.59	4,88,351.16	51,27,258.75	43,95,160.44	48,83,511.60
	Total		5,76,85,294.11	19,218.00		5,77,04,512.11	1,91,57,667.92	8,73,605.62	2,00,31,273.54	3,76,73,238.57	3,85,27,626.19
	Previous Year Rs	-	5,76,84,685.11	609.00	2,13,51,640.19	5,76,85,294.11	1,81,60,440.48	9,97,227.44	1,91,57,667.92	3,85,27,626.19	

UNITED DRILLING TOOLS LTD.



	Current Year		Previous Year	
	Rs.	Ps.	Rs.	Ps.
SCHEDULE 'F'				
INVENTORIES				
Raw Materials	23,51,916.93		5,45,977.56	
Consumable Stores	1,26,398.54		58,678.24	
Semi Finished Stock	1,15,28,728.00		1,07,99,384.00	
Finished Stock (Finished components Goods)	28,17,092.72		28,01,155.85	
Semi Finished Stock Vendor	2,29,020.00		17,120.00	
	<u>1,70,53,156.19</u>		<u>1,42,22,315.65</u>	
SUNDRY DEBTORS				
Debts outstanding for a Period of More than six months	14,42,091.37		16,88,124.27	
Others	1,01,32,086.14		11,928.10	
	<u>1,15,74,177.51</u>		<u>17,00,052.37</u>	
CASH AND BANK BALANCES				
Cash in hand	3,77,681.26		77,690.44	
With scheduled Banks				
On Current A/C	15,71,963.30		18,72,819.90	
Margin Money/FDR	12,10,369.72		12,06,395.72	
	<u>31,60,014.28</u>		<u>31,56,906.06</u>	
LOANS AND ADVANCES				
1. Against Purchases	4,12,430.36		45,226.15	
2. Sales	28,355.00		28,355.00	
3. Govt. Deptt	4,67,312.00		50,903.00	
4. Staff and Workers	1,26,428.35		1,45,740.11	
5. Security Deposit	33,691.00		33,691.00	
6. Others	2,38,630.25		94,445.24	
	<u>13,06,846.96</u>		<u>3,98,360.50</u>	
SCHEDULE 'G'				
CURRENT LIABILITIES & PROVISIONS				
Sundry Creditors	3,52,258.78		5,79,369.34	
Expenses Payable	8,91,709.13		7,54,257.05	
Other Liabilities	50,62,021.76		34,54,311.67	
Security	75,000.00		75,000.00	
	<u>63,80,989.67</u>		<u>48,62,938.06</u>	



UNITED DRILLING TOOLS LTD.

SCHEDULE 'H'	Current Year	Previous Year
OTHER INCOME	Rs. Ps.	Rs. Ps.
Job work Received	1,06,814.00	14,12,600.00
Interest Received	5,025.00	77,107.00
Short & Excess Balance W/F	8,184.90	-
Misc Income	4,60,418.00	-
 Inspection charge	 -	 23,762.52
	<u>5,80,441.90</u>	<u>15,13,469.52</u>
 SCHEDULE 'I'		
INCREASE/DECREASE IN STOCK		
Consumable Stores	(+ 67,720.30	(+ 9,706.98
Semi- Finished Stock	(+ 7,29,344.00	(+ 23,77,740.00
Finished Stock (Finished Components Goods)	(+ 15,936.87	(+ 18,973.60
Semi Finished Stock- Vendor	(+ 2,11,900.00	(-) 16,49,900.00
	<u>(+) 10,24,901.17</u>	<u>(+) 7,56,520.58</u>
 SCHEDULE 'J'		
MANUFACTURING EXPENSES		
Job work Expenses	2,50,844.00	2,01,858.00
Establishment Expenses	13,41,650.28	11,48,211.06
Security Services- Charges	1,04,508.00	94,338.60
Testing Charges	26,480.20	13,548.00
Freight & Cartage (Inward)	11,40,115.00	1,26,264.45
Power and Electricity Exp.	<u>5,23,102.00</u>	<u>3,82,793.50</u>
	<u>33,86,699.48</u>	<u>19,67,013.61</u>
 SCHEDULE 'K'		
SELLING & ADMINISTRATION		
Selling Expenses	15,35,139.08	11,29,626.43
Administration	2,87,181.00	1,76,997.00
	<u>18,22,320.08</u>	<u>13,06,623.43</u>
 SCHEDULE 'L'		
MANAGERIAL REMUNERATION		
Salary	1,04,129.00	1,44,000.00
Other Perquisites	-	-
	<u>1,04,129.00</u>	<u>1,44,000.00</u>



UNITED DRILLING TOOLS LTD.

SCHEDULE 'M'	Current Year	Previous Year
FINANCIAL EXPENSES	Rs. Ps.	Rs. Ps.
Interest paid to Bank & others	4,60,689.69	1,57,043.76
	<u>4,60,689.69</u>	<u>1,57,043.76</u>
 SCHEDULE 'N'		
DEPRECIATION		
(Depreciation Chart) Schedule'E'	8,73,605.62	9,97,227.44
	<u>8,73,605.62</u>	<u>9,97,227.44</u>
 SCHEDULE 'O'		
AUDITORS REMUNERATION	33,060.00	32,400.00
	<u>33,060.00</u>	<u>32,400.00</u>
 SCHEDULE 'P'		
OTHER EXPENSES		
Travelling and conveyance	5,31,407.23	12,25,561.42
Board Meeting Fees (Directors)	20,000.00	18,000.00
Vehicle Running and Maintenance	1,60,032.00	1,44,135.21
General Expenses	50,183.90	12,797.50
Newspaper and Periodicals	3,373.50	7,010.00
Insurance Expenses	1,65,812.00	87,217.00
Registration and Filing Fees	3,60,680.00	3,23827.00
Repair and Maintenance-Machinery	4,400.00	2,064.00
Repair and Maintenance-Electric	7,754.00	654.00
Repair and Maintenance-Others	27,205.00	15,124.00
Repair and Maintenance-Office	16,132.00	16,050.00
Repair and Maintenance-Typewriters, Computers	36,060.00	4,125.00
Meeting and Conference Expenses	29,695.00	22,900.00
Short and Excess Recovery	-	10,439.61
Foreign Exchange fluctatation	43,875.83	27,361.78
Demurrage charges	56,944.00	32,062.00
	<u>15,13,554.46</u>	<u>19,49,328.52</u>



UNITED DRILLING TOOLS LTD.

SCHEDULE 'Q'

Notes on accounts and contingent Liabilities Forming Part of Accounts for the period ending on 31st March 2005

1. Contingent Liabilities not provided for:-
 - (a) In respect of unexpired Foreign Letter of Credit established for Rs.Nil(previous Year Rs. Nil) and inland Rs.Nil(previous year Rs.Nil)
 - (b) For bank guarantee Rs.50,09,132.00 (previous year Rs.36,77,653.00)
 - (c) In respect of bills discounted Rs. Nil (previous year Rs. NIL)
2. In the opinion of the Management and to the best of their knowledge and belief, the value of realization of advances and current assets in the ordinary course of business will not be less than the amount at which they are stated in the balance sheet.
3. The company has not made any provision on account of liabilities for gratuity as the same will be accounted for on payment basis.
4. No provision for income tax has been made due to loss.
5. The company has provided depreciation on written down value on the fixed assets, depreciation on fixed assets has been provided in accordance with the rates mentioned in schedule XIV of the Companies Act, 1956 (as amended) on single shift basis. In respect of addition to fixed assets during the year depreciation has been provided for the whole year irrespective of the date of purchase. However, since revaluation has been done in previous years, depreciation has been provided on revalued figures of the assets.
6. Term loan from UPFC is secured by first charge on all the fixed assets including land and building, plant and machinery situated at NOIDA(U.P.) factory. Since claims for refund of excess interest charged and capital and export subsidy pending therefore outstanding in UPFC will also be accounted for on settlement of the claims.
7. Working capital facility from Bank are secured by hypothecation of company's movable assets as per inventory on 31.3.2000 and second charge on all the fixed assets, the first charge being that of UPFC.
8. The amount which is shown as due to the Bank is not the amount actually payable by the company as the company got a huge claim against the Bank which was raised against the Bank, as advised by the legal advisor of the company. The company has filed a counter claim against the bank for their negligence which is pending with the appropriate authorities which is much higher than the outstanding dues of the Bank. as shown in the balance sheet and the figure shown as due to the bank do not constitute any admission of liability and no amount is payable to the bank As per the facts in the records of the company.
9. As of March 31, 1995 the company's land at Noida and certain plant and machinery and other assets acquired upto 31st March 1995 and had been revalued at the current Market price by independent chartered engineers and register valuer an amount of Rs.1,45,19,743.25 was added to fixed assets as on 31st March 1995. As 31st March 1996, the company land at Noida were again revalued by the company based on revaluation report from independent chartered engineers and approved valuers regarding current market price of the land and Rs.80,08,000.00 has been added to fixed assets.
as at 31st March, 2003 the company's land and building at Noida had been revalued at the current market price reported by independent chartered engineers and registered valuers and an amount of Rs. 2,13,51,640.19 was added to fixed assets as on 31st March 2003.



UNITED DRILLING TOOLS LTD.

10. The Managing Director has been paid minimum remuneration as sanctioned by the AGM on the same terms and conditions. The details of remuneration paid during the year as under :-

	Current Year	Previous Year
a) Salary	1,04,129.00	1,44,000.00
b) Other perquisites	-	-
	<u>1,04,129.00</u>	<u>1,44,000.00</u>

11. Advances, Debtors, Creditors and other debit and credit balance of various persons appearing in the balance sheet obtained on test check basis.

12. Insurance of the current assets & Fixed Assets has been done on the value estimated by insurance company's representatives.

13. Interest receivable on allotment / call money in arrears is being accounted for as and when received.

14. The previous year figures have been classified, regrouped and recasted wherever considered necessary conform this year classification.

15. Auditor information as required under part II schedule VI of the companies act 1956, as annexed here.

16. Schedule A to T form an integral part of the Balancesheet and profit and loss account and have been duly authenticated.

SCHEDULE 'R'

SIGNIFICANT ACCOUNTING POLICIES

Bases/Method of Accounting/recognition of Revenue and Expenditure

The Accounts are prepared on historical cost basis as a going concern following mercantile system of accounting and recognizing income and expenditure on actual basis except as modified to include the revaluation of certain fixed assets. However interest payable to UPFC & Bank and lease rent & water charges payable to Noida authority are accounted for on cash basis.

Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

SALES & SERVICES

Sales comprises sale of goods and services net of trade discount and include cash assistance and realized exchange of fluctuation on export receivables.

FIXED ASSETS

All fixed assets other than those which have been revalued are stated at cost less depreciation, cost comprises the purchase price and any other attributable cost, other than financing cost of bringing the assets to its working condition.

DEPRECIATION

Depreciation has been provided for on written down basis at the rate prescribed in schedule XIV to the Companies Act, 1956.

Depreciation on addition to assets or on sale/discardment of Assets is calculated for the whole year irrespective of the date of purchase or sales discardment. The depreciation has been calculated on the revalued figures of fixed assets.



UNITED DRILLING TOOLS LTD.

INVENTORIES

Inventories - Raw Materials and Components finished goods and goods in process are stated at cost or net realizable value whichever is lower stores and spares parts are stated at or below cost.

Goods in transit are stated at Cost. Cost is arrived by the direct cost method. Exclusive of all direct fiscal duties cost method. Exclusive of all direct fiscal duties.

RETIREMENT BENEFIT

Contribution to Provident and superannuating Funds are accounted on actual liability basis.

CONTINGENT LIABILITIES

Contingent Liabilities are disclosed by way of note on the Balance sheet, provision is made in accounts for those liabilities which are likely to materialize after the year and having effect on the position stated in the Balance sheet at the year end.

DEFERRED REVENUE EXPENDITURE

Preliminary share issue, Deferred revenue expenditure and Right issue Expenditure have already been amortized in earlier years.

CURRENT ASSETS

In case of sundry debtors and Loans and Advances no provision for doubtful debts and advances is made this year as management thinks that all debts are recoverable.

FOREIGN CURRENCY TRANSACTION

Foreign Currency transactions are converted on the date of transaction.

Note 1. Value of indigenous raw materials consumed Rs. 1,81,53,664.84 (previous year Rs. 46,94,239.85) and Imported raw materials components Rs. 1,35,06,070.67 (Previous years imported raw materials Rs. 20,45,788.07)

2. Expenditure in foreign currency other than import Rs. 3,92,730.00 (Previous year 1,69,970.00)

3. It is not practicable to furnish quantitative information in respect of miscellaneous items in view of the considerable number of items diverse in size and nature.

4. Closing stock of finished goods and component value shown Rs. 28,17,092.72 (previous year Rs. 28,01,155.85).

5. The installed capacity as certified by management but not verified the auditors being technical matters items has been reallocated among the other items/ product and in order to meet packing credit requirement.

FOR AGRAWAL DHURUV & CO.

Pramod Kumar Gupta
S.S.K. Bhagat
V.B Mishra

Chairman Cum Managing Director
Director
Director

(Dhruv K. Agrawal)
Partner

Place : New Delhi

Date : 17-08-2005



UNITED DRILLING TOOLS LTD.

ADDITIONAL INFORMATION FOR THE PERIOD ENDED 31ST MARCH, 2006 REQUIRED UNDER PART-II
OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

DETAILS OF CAPACITY AND PRODUCTION

Sl. No.	Description	INSTALLED CAPACITY		ACTUAL PRODUCTION	
		Current Year	Previous Year	Current Year	Previous Year
1.	Down Hole Tools	343	343	-	39
2.	Down Hole Tools Components/	-	-	-	-
3.	Gas Lift Valves	4,550	4,550	751	116
4.	Gas Lift Valves Components/Spares	-	-	1698	709
5.	Handling Tools	200	200	-	-
6.	Handling Tools Components/Spares	-	-	-	-
7.	Wire Line Winches	040	040	007	001
8.	Wire Line Winches/Spares	-	-	106	-

DETAILS OF STOCK IN PROCESS

Sl. Description	OPENING STOCK				CLOSING STOCK			
	Qty.	Current Year Amount	Qty.	Previous year Amount	Qty.	Current year Amount	Qty.	Previous year Amount
1. Down Hole Tools	14	1,85,721.00	53	17,04,381.00	25	3,70,356.00	14	1,85,721.00
2. Down Hole Tools Components/	19	2,17,729.00	90	3,04,004.00	24	2,86,979.00	19	2,17,729.00
3. Gas Lift Valve	337	26,00,874.00	223	10,06,459.00	315	20,18,699.00	337	26,00,874.00
4. Gas Lift Valve Components/Spares	3832	52,57,585.00	4683	59,95,190.00	4680	69,63,589.00	3832	52,57,585.00
5. Handling Tools	-	-	-	-	-	-	-	-
6. Handling Tools Components/Spares	137	1,04,108.00	137	1,04,108.00	137	1,04,108.00	137	1,04,108.00
7. Wire Line Winches	06	24,28,470.00	-	-	02	19,92,000.00	6	24,28,470.00
8. Wire Line Winches/Spares	11	22,017.00	19	9,74,522.00	11	22,017.00	11	22,017.00

DETAILS OF SALES

Sl. No.	Description	CURRENT YEAR		PREVIOUS YEAR	
		Qty.	Amount	Qty.	Amount
1.	Down Hole Tools	-	-	039	22,83,856.00
2.	Down Hole Tools Component/Spares	-	-	-	-
3.	Gas Lift Valves	751	95,98,489.00	116	13,47,891.00
4.	Gas Lift Valves Components/Spares	1597	28,87,038.00	703	1,41,690.00
5.	Handling Tools	-	-	-	-
6.	Handling Tools Components/Spares	-	-	-	-
7.	Wire Line Winches	7	2,46,05,641.00	001	63,67,550.00
8.	Wire Line Winches/Spares	183	7,77,586.00	097	4,01,206.00
9.	Others	-	11,60,460.00	-	5,68,228.00
	Total	-	3,93,29,214.00	-	1,11,10,421.00

DETAILS OF FINISHED STOCK

Sl. Description	OPENING STOCK				CLOSING STOCK			
	Current Year Qty.	Amount	previous Year Qty.	Amount	Current Year Qty.	Amount	previous Year Qty.	Amount
1. Down Hole Tools	003	44,945.00	003	44,945.00	003	44,945.00	003	44,945.00
2. Down Hole Tools Components/	130	4,62,186.90	130	4,62,186.90	130	4,62,186.90	130	4,62,186.90
3. Gas Lift Valve	003	32,681.00	003	32,681.00	003	32,681.00	003	32,681.00
4. Gas Lift Valve Components/Spares	242	3,66,511.60	236	3,47,026.00	343	3,84,214.47	242	3,66,511.60
5. Handling Tools	002	15,450.00	002	15,450.00	002	15,450.00	002	15,450.00
6. Handling Tools Components/Spares	2301	18,73,038.35	2301	18,73,038.35	2301	18,73,038.35	2301	18,73,038.35
7. Wire Line Winches	-	-	-	-	-	-	-	-
8. Wire Line Winches/Spares	124	6343	221	6,855.00	46	4577	124	6,343.00



UNITED DRILLING TOOLS LTD.

SCHEDULE 'S'

Cash Flow Statement for the year ended as on March 31st 2005

(Rs. in Lacs)
2003-2004

	2004-2005	2003-2004
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax & Extra ordinary	0.82	(8.78)
Items Adjustment for		
Depreciation	8.73	9.97
Misc. Expenses written off	-----	-
Operating profit Before working capital	9.55	1.19
Charges	-	-
Adjustment for		
Trade & other Receivables	(98.74)	15.14
Inventories	(28.31)	(8.79)
Loans & Advances	(9.08)	12.80
Trade Payable & others	15.18	(6.41)
Cash Generated from operations	(111.40)	13.93
Direct Taxes paid	-----	-----
Cash Flow before Extra Ordinary Items	(111.40)	13.93
Extra ordinary items	-----	-----
Net cash flow from operating activities	(111.40)	13.93
(B) CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of fixed Assets	(0.19)	(0.01)
Sales of fixed Assets	-----	-----
Encashment of investment	-----	-----
Net cash used in investing activities	(0.19)	(0.01)
	2004-2005	2003-2004
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Banks, Financial Institution	(0.30)	(2.54)
(Secured Loans)		
Unsecured Loans Paid up	111.92	(5.05)
Proceeds from share capital	-	-
	111.62	(7.59)
Net increase in cash and Equivalents	0.03	6.33
Cash and Cash Equivalents as at(1st April) (Op. Balance)	31.57	25.24
Cash and Cash Equivalents as at(31st March) (Cl. Balance)	31.60	31.57

AUDITORS CERTIFICATE

We have verified the above cash flow statement of United Drilling Tools Ltd for the year ended 31st March 2005. The statement has been prepared by the Company in accordance with the requirements of listing Agreement with Stock Exchange and is used on and in accordance with corresponding profit & loss Account and Balance sheet of the company.

FOR AGRAWAL DHRUV & CO.

Pramod Kumar Gupta

Chairman Cum Managing Director

Chartered Accountants

(Dhruv K. Agrawal)

S.S.K. Bhagat

Director

Partner

Place : New Delhi

Date : 17-08-2005

v.B Mishra

Director

UNITED DRILLING TOOLS LTD.



SCHEDULE- 'T'

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

1 5 7 9 6

State Code

5 5

(Refer Code List)

Balance Sheet Date

3 1

0 3

0 5

Date

Month

Year

II. Capital raised during the year (Amount in Rs.)

N I L

Public Issue

N I L

Right Issue

N I L

Bonus Issue

N I L

Private Placement

III. Position of Mobilization and Deployment of Funds (Amount in Rs.)

Total Liabilities

7 9 7 3 3 7 4 8

Sources of Funds

Paid-up Capital

1 9 1 6 8 2 2 5

Secured Loans

4 4 4 3 3 9 1 6

Application of Funds

Net Fixed Assets

3 7 6 7 3 2 3 9

Net Current Assets

2 6 7 1 3 2 0 5

Accumulated Losses

1 5 3 4 7 3 0 4

Total Assets

7 9 7 3 3 7 4 8

Reserves & Surplus

8 0 9 3 3 4

Unsecured Loans

1 5 3 2 2 2 7 3

Investments

- - -

Mics. Expenditure

- - -

- - -

IV. Performance of Company (Amount in Rs.)

Turnover

4 0 9 3 4 5 5 7

Profit/Loss before tax

8 1 9 3 2

(Please tick appropriate Box + for Profit for loss)

Earning Share in Paise

0 0 4

Total Expenditure

4 0 8 5 2 6 2 5

Profit/Loss after tax

8 1 9 3 2

Dividend rate

- - -

UNITED DRILLING TOOLS LTD.



V. Generic Name of three principal products/service of company (as per monetary terms)

Item Code No.
(ITC Code)

Product
Description

Item Code No.
(ITC Code)

Product
Description

Item Code No.
(ITC Code)

Product
Description

PRAMOD KUMAR GUPTA
S.S. K. BHAGAT
V.B. MISHRA

Chairman cum Managing Director
Director
Director

Place : New Delhi
Dated : 17-08-2005

UNITED DRILLING TOOLS LIMITED

REGISTERED OFFICE :

B-94, SHASHI GARDEN, PATPARGANJ, DELHI-110091

PROXY FORM

Folio No.

Client ID No.

No. of Shares Held.....

I/We.....of.....
in the district of
being a member of United Drilling Tools Ltd. hereby appoint
.....of.....
.....of failing him.....of.....in the district of
.....as my/our proxy to attend and vote for me/us on my/our behalf at the 23rd Annual
General Meeting of Company to be held on thursday, the 29th September, 2005 at 11.30 a.m. at Bawa Palace,
U-38 Shakarpur Mother Dairy Road, Delhi-110092 and at any adjournment thereof.
Signed this.....Day of2005

Affix Rs-1
Revenue
Stamp

Note : The Proxy must be returned so as to reach Registered office of the company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be member of the company.

UNITED DRILLING TOOLS LIMITED

REGISTERED OFFICE :

B-94, SHASHI GARDEN, PATPARGANJ, DELHI-110091

ATTENDANCE SLIP

Members Name I hereby record my presence at the
23rd Annual General Meeting of
United Drilling Tools Ltd.
on Thursday, the 29th September 2005
at 11.30 a.m. at Bawa Palace, U-38, Shakarpur
Mother Dairy Road, Delhi-110092.
Folio No..... I certify that I am a Registered Member of
Client ID No..... United Drilling Tools Ltd. & hold share in the Company
Name of Proxy.....
(if attending for Member)

Signature of the Member/Proxy

1. Members/Proxies are requested to bring the Duly signed Attendance slip to the Meeting and hand it over at the entrance.
2. For the convenience of Members, persons other than Member/proxies will not be admitted.

BOOK-POST

If undelivered please return to :

United Drilling Tools Ltd. (Registered Office)

B-94, SHASHI GARDEN
PATPARGANJ, DELHI-110091