



# 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

**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

**FORM A**

(Pursuant to Clause 31(a) of the Listing Agreement)

	Name of Company	United Drilling Tools Limited
1.	Annual Financial Statements for the year ended	31.03.2015
2.	Type of Audit Observation	Un-qualified
3.	Frequency of Observation	Not applicable

For **UNITED DRILLING TOOLS LIMITED**

*Pramod Kumar Gupta*

**Pramod Kumar Gupta**

Managing Director

*Vidya Bhushan Mishra*

**Vidya Bhushan Mishra**

Chairman of Audit Committee

For **R S Dani & Co.,**  
Chartered Accountants  
(Statutory Auditors)

*Ashok Mangal*

**Ashok Mangal**

Partner

Membership no. 071714

Place: Delhi

Date: 08.08.2015



*S.S. Manral*

**S.S. Manral**

Chief Financial Officer

Regd. Office : B-94, Shashi Garden, Patpar Ganj, Delhi-110091

**33rd ANNUAL REPORT**  
2014-2015



**UNITED DRILLING TOOLS LIMITED**

CIN: L29199DL1985PLC015796



# UNITED DRILLING TOOLS LTD

CIN:L29199DL1985PLCO15796

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

E-mail: compsect@udtltd.com, Website: www.udtltd.com

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## FORM A

(Pursuant to Clause 31(a) of the Listing Agreement)

	<b>Name of Company</b>	<b>United Drilling Tools Limited</b>
1.	Annual Financial Statements for the year ended	31.03.2015
2.	Type of Audit Observation	Un-qualified
3.	Frequency of Observation	Not applicable

### For UNITED DRILLING TOOLS LIMITED

Sd/-

**Pramod Kumar Gupta**

Chairman & Managing Director

Sd/-

**Vidya Bhushan Mishra**

Chairman of Audit Committee

For **R S Dani & Co.,**

Chartered Accountants

(Statutory Auditors)

Sd/-

**Ashok Mangal**

Partner

Membership no. 071714

New Delhi

Date: 08.08.2015



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## CHAIRMAN'S MESSAGE

India is about to witness a new era of growth and sky of opportunities. This will predominantly be driven by increasing economic activity coupled with Hon'ble PM's 'Make in India' initiatives.

United Drilling Tools Limited (UDTL) continues to contribute in India's journey towards economic and social well-being, and remains committed to invest and innovate for India. Your Company is striving to meet and exceed global benchmarks in product quality and customer service with inspiring ideas and strategic investments. In manufacturing, UDTL is achieving superior outcomes that facilitate India's drive for global leadership.

Your Company is delivering industry-leading performance through consistent efficiency in operations. UDTL places emphasis on technology and expanding its level of services leading to growth for your Company. UDTL innovates for existing businesses and specifically focuses on its existing business model, considering vast scope therein so as to deliver significant value for its growing stakeholder fraternity. In this effort, it collaborates with leading players to help usher in a new era of possibilities.

UDTL's focus is to continue growing as a responsible organisation. Performance reflects the strength operations.

### UDTL AT A GLANCE

UDTL is one amongst India's private sector Company focusing on manufacture of machine and tools being consumed by Oil, Gas, Drilling and allied industries, which comprises of key players of Indian economy. It is a significant player in the segment, and has been a preferred vendor by its clients in India. Built on strong values, UDTL is deeply rooted in the culture of safety, integrity and commitment and is dedicated to its vision of partnering India's economic growth and social wellbeing.

### LETTER TO SHAREHOLDERS

Your company has always believed in investing in opportunities. Despite hiccups FY 2014-15 was a landmark year for your Company.

We have invested over 25 years in creating growth engines for the future. This is the highest ever in the history of our company and is a testimony to our project execution capabilities.

The global economy in FY 2014-15 saw a steep decline in oil prices, which had significant impact on energy businesses and in turn your Company too was affected, since most of clientele of your Company comes from Oil & Energy sector. This coupled with slowing growth in some of the leading global economies impacted currencies also to some extent, which primarily affected your Company clients, and your Company was also bound to be affected, albeit not in absolute proportion. But, there was positive news in terms of faster-than-anticipated economic growth recovery in emerging economies and specially developed economies, which paved way for global economic recovery.

India's economy is in the midst of a recovery with lower fiscal and current account deficit, lower inflation and weak commodity prices. Our country's growth seems poised to return to a high-growth path. It is in this context that your Company continues its quest for sustained growth. I am pleased to inform you that UDTL achieved net profits of 25.98 crore during the year. Domestic production was lower due to natural decline from various clients resulting in lower demand from clients across the globe. Your Management is also open to idea of possible foraying into other areas/forming strategic alliance with established players from India and/or Abroad.

### COMMITMENT TO SOCIAL WELLNESS

As a responsible corporate citizen, UDTL serves the society directly, in the domains of Education &, Healthcare. During the year, your Company contributed 2.4 lakhs towards CSR activities, accounting for 0.09% of profit after tax.

I would like to thank all my colleagues across the country for their dedication, commitment and contribution to strengthening Company. We are looking forward to continue on our mission of generating sustained value for our stakeholders.

I would like to place on record my sincere appreciation to the Board of Directors for their guidance. I would like to express my gratitude to all our stakeholders for their continuing faith in the Company.

With best wishes,

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

SHRI PRAMOD KUMAR GUPTA	:	Chairman cum Managing Director M.S.I.E., P.E. (USA)
SHRI SHIV SHARAN KUMAR BHAGAT	:	Independent & Non Executive Director Civil Engineering Graduate Retired Chief Engineer, NDMC, New Delhi
SHRI VIDYA BHUSHAN MISHRA	:	Independent & Non Executive Director Graduate Ex. P.A. to Dy. Chairman, Rajya Sabha
SHRI KRISHNA DYAL AGGARWAL	:	Independent & Non Executive Director Post Graduation in Economics along with law, Certified Associate of Indian Institute of Bankers, Diploma in Industrial finance and co-operative Retired as Manager from Reserve Bank of India.
SHRI UMA SHANKAR PANDEY	:	Non-Executive Director Retired as G.M Commercial, Indian Airlines Ltd
SHRI KANAL GUPTA	:	Additional Director MBA in Finance and HR Management
COMPANY SECRETARY	:	Mr. P.K. Ojha B.Sc., LL.B & CS
STATUTORY AUDITOR	:	M/s R S Dani & Co. Chartered Accountants
BANKERS	:	ALLAHABAD BANK International Branch, Parliament Street, New Delhi-110001
REGISTRAR & SHARE TRANSFER AGENT	:	Alankit Assignments Limited 1E/13 Alankit Heights Jhandewalan Extension, New Delhi-110055
REGISTERED OFFICE	:	B-94, Shashi Garden Patparganj, Delhi-110091

### FACTORY(IES)

- C-41 SECTOR -81 NOIDA (U.P.) Distt. GAUTAM BUDH NAGAR 201 305
- PLOT NO. 523, NEW AREA, KSEZ, GANDHIDHAM, KUTCH 370 230
- PLOT NO. 129G/25-26, NSEZ, NOIDA 201 305

### HEAD OFFICE / CORPORATE OFFICE

A-22, PHASE-II, NOIDA. (U.P), GAUTAM BUDH NAGAR 201 305

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## NOTICE

Notice is hereby given that the Thirty Third Annual General Meeting of United Drilling Tools Limited will be held on Monday, the 14<sup>th</sup> September, 2015 at 11.00 A.M. at Maharani Bagh Community Centre, 1 Central Avenue, Maharani Bagh New Delhi 110 025, to transact the following business(es) :

### ORDINARY BUSINESS :

- To consider and adopt:
  - The audited financial statement of the Company for the financial year ended March 31, 2014, the Auditor's Report thereon and take note of Board of Directors report.
- To consider and adopt :
  - The audited financial statement of the Company for the financial year ended March 31, 2015, the reports of the Board of Directors and Auditors thereon; and
- To appoint a Director in place of Mr. U.S. Pandey having DIN 02877691, who retires by rotation and, being eligible, offers himself for re-appointment.
- To appoint Auditors and in this regard to consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution :

**“RESOLVED THAT** pursuant to the provisions of Section 139 (2) and 142(1) read with Chapter V of the Companies Act, 2013 the Re-appointment of Statutory Auditors of Company M/s R S Dani & Co. (Firm registration No.: 000243C), Chartered Accountants, Kothari Complex, near G.P.O Bhilwara-311001 (Rajasthan) be and is hereby ratified for the financial year 2015-2016 to act as such, at such remuneration as may be determined by the Board of Directors of the Company.”

### SPECIAL BUSINESS:

- To pass the following resolution as an Ordinary Resolution :

#### **Candidature of Additional Director i.e Sh. Kanal Gupta**

**“RESOLVED THAT** Mr. Kanal Gupta (DIN : 01050505) who was appointed as an Additional Director of the Company by Board of Directors with effect from 28.02.2015 in terms of Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member along with requisite deposit from him proposing his candidature for the office of Director under Section 160 of the Companies Act, 2013, be and is hereby appointed as Director of the Company.

**RESOLVED FURTHER THAT** The Board of Directors of the Company be and are hereby authorized, jointly and /or severally to take such further steps as may be deemed necessary including filing of E-forms under the Companies Act, 2013 with the Registrar of Companies, Delhi and Haryana at New Delhi and/or any other authority to sign/ execute any other forms, papers, documents, deeds, documents, affidavits etc. as they may deem necessary so as to give effect to the aforesaid resolution including the power to further amend the resolution if some amendment is required to be carried out by the Office of Registrar of Companies, Delhi and Haryana at New Delhi.”

- To consider and if thought fit, to pass the following resolution as a Special Resolution:

#### **Adoption of new set of Articles of Association**

**“RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the existing Articles of Association of the company be and is hereby replaced with the new set of Articles of Association as per Table-F and consent of members of the company be and is hereby accorded to the Board so as to amend the entire set of Article of Association of the company, by deleting the exiting articles and substituting the same by adopting entirely new set of Articles with





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clauses containing 1 to 91 except Clause no. 48 and 76, a copy of which is enclosed herewith for the purpose of identification, for the purpose of making same in sync with provisions of Companies Act, 2013.

**RESOLVED FURTHER THAT** The Board of Directors of the Company be and are hereby authorized, jointly and /or severally to take such further steps as may be deemed necessary including filing of E-forms under the Companies Act, 2013 with the Registrar of Companies, Delhi and Haryana at New Delhi and/or any other authority to sign/ execute any other forms, papers, documents, deeds, documents, affidavits etc. as they may deem necessary so as to give effect to the aforesaid resolution including the power to further amend the resolution if some amendment is required to be carried out by the Office of Registrar of Companies, Delhi and Haryana at New Delhi.”

3. To consider and if thought fit, to pass the following resolution as a Special Resolution:

**Adoption of Alteration in Memorandum of Association of the Company as per Companies act 2013.**

“**RESOLVED THAT** pursuant to provisions of Section 13 and other applicable provisions, if any of the Companies Act, 2013 and the rules made thereunder (including any statutory amendment(s) and modification(s) thereto or re-enactment(s) thereof) and subject to the confirmation of the Registrar of Companies, NCT of Delhi & Haryana, New Delhi, the consent of the members be and is hereby accorded for alteration of Main Object 4 of Clause III (A) i.e. the Main Object of the Company which is reproduced as under:

4. To provide oil drilling, production, and exploration services to oil companies in India and overseas so as to Charter, Hire of Offshore Drilling Rigs, Hire of Onshore Drilling Rigs, Management and Operation ONCG-owned Offshore Drilling Rigs, Charter, Hire of Work Over Rigs, Drill Stem Testing (DST), Mud Logging Services Cementation, Diving, Electro logging Services, Production Testing Services, Soil Investigation Survey, Wire line services such as Slick Line Services, Electric Line Services and Logging Services.

**RESOLVED FURTHER THAT** pursuant to the provisions of Sub Section 1 of Section 15 of the Companies Act, 2013 the alterations made in the Memorandum of Association of the Company be and is hereby noted in every copy of the Memorandum of Association of the Company.

**FURTHER RESOLVED THAT** one of the Directors of the company be and is hereby authorized to do all such acts, deeds, and things as may be deemed incidental or ancillary to give effect to the above resolution.”

### BY ORDER OF THE BOARD

For United Drilling Tools Limited

SD/-

**Pramod Kumar Gupta**

Managing Director

DIN:00619482

### NOTES:

1. A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
2. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information

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relating to e-voting are attached alongwith Attendance Slip and Proxy Form.

3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. The Register of Members and Transfer Books of the Company will be closed from Monday, September 7, 2015 to Monday, September 14, 2015, both days inclusive.
5. In terms of Section 152 of the Companies Act, 2013, Mr. U.S Pandey (DIN 02877691), Directors, retire by rotation at the Meeting and being eligible, offer themselves for reappointment. The Board of Directors of the Company commends such re-appointments. Brief resume of Directors including those proposed to be re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.
6. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
7. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
8. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Alankit Assingments Limited.
9. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Alankit Assignment Ltd for assistance in this regard.
10. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or RTA, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.
11. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
12. Members seeking any information with regard to the Accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the meeting.
13. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with RTA/Depositories.
14. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in



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electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Alankit.

16. M/s Balraj Sharma & Associates (FCS-1605, C.P No. 824) Company Secretaries, Delhi has been appointed as scrutinizer for e-voting process as well as voting during the Annual General Meeting.
17. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.udtltd.com and on the website of CDSL www.cdslindia.com within two days of the passing of the resolutions at the Thirty Third AGM of the Company on September, 14 2015 and communicated to the BSE Limited, where the shares of the Company are listed.

### **By Order of the Board of Directors**

For United Drilling Tools Limited

SD/-

**Pramod Kumar Gupta**

Managing Director

DIN:00619482

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## EXPLANATORY STATEMENT (Pursuant to section 102 of the Companies Act, 2013)

As required by section 102 of the Companies Act, 2013 (Act), the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 1 to 3 of the accompanying Notice:

### Item No. 1

Mr. Kanal Gupta (DIN: 01050505) was appointed as an additional director by your board in its meeting held on 28.02.2015 to act as Director of the Company. In accordance with the provisions of Section 160 & 161 to the Act, appointment of an Additional Director requires approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors have proposed that Shri Kanal Gupta be appointed as a Director of the Company. The appointment of Shri Kanal Gupta shall be effective upon approval by the members in the Meeting.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri Kanal Gupta for the office of Director of the Company. Shri Kanal Gupta is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

The Company has also received written confirmation from him that he is not disqualified to act as such. In the opinion of the Board, Shri Kanal Gupta fulfills the conditions for his appointment as Director as specified in the Act and the Listing Agreement. Shri Kanal Gupta possesses appropriate skills, experience and knowledge.

Mr. Kanal Gupta (DIN: 01050505) has given his intention to perform his duty as Director of the company, and for this purpose a member has also given written notice about his intention along with cheque of ₹1, 00, 000/- which will be refunded to the member in case the resolution for appointment stands passed or getting 25 % votes of total votes casted.

### Brief resume of Shri Kanal Gupta

Shri Kanal Gupta is MBA He has sufficient experience in business management. It is worth stating here that Mr. Kanal Gupta happens to be son of CMD i.e. Mr. Pramod Kumar Gupta and keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Shri Kanal Gupta is appointed as an Director of the Company. Copy of the draft letter for appointment of Shri Kanal Gupta as an Director setting out the terms and conditions is available for inspection by members at the registered office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges. Save and except Shri Kanal Gupta, and Shri Pramod Kumar Gupta and their relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 1 of the Special Business of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 1 of the Notice for approval by the members.

### Item No. 2

Adoption of new set of Articles of Association

The existing Articles of Association ("AoA") are based on the Companies Act, 1956 and several regulations in the existing AoA contain reference to specific sections of the Companies Act, 1956 and some articles in the existing AoA are no longer in conformity with the Act.

With the enactment of the Companies Act, 2013 and substantive sections of the Act which deals with the general working of the Companies, several regulations in the existing AoA of the company require alteration and/or deletion. Given this position it was considered expedient by your Board to wholly replace the existing AoA by completely new set of Articles. The new set of AoA to be replaced in place of the existing AoA are predominantly based on Table F of Schedule I of the Companies Act, 2013 which sets out the model AoA for a company limited by shares and also carries forward certain provisions from the existing AoA suitably rephrased and which are not in conflict with the provisions of the Companies Act, 2013.



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The proposed new draft of AoA are also being enclosed herewith and shall be available for inspection to the shareholders at the registered office of the company on all working days (except Saturdays, Sundays and Public Holidays) between 11.00 A.M and 1.00 P.M till the date of the meeting.

No Director or Key Managerial Personnel of the Company and/or their relatives are concerned or interested financially or otherwise in this item of business.

The Board recommends this Resolution to be passed as Special Resolution for your Approval.

### **Item No. 3**

As the members are aware that the existing Clause 4 of the Clause III (A) i.e. the Main Object Clause of the Memorandum of Association of the Company does not include the business of Slick Line Services, Electrical Services including Logging Services which is related to the main existing business of the Company and the board of directors are of the opinion that it should form part of the Main Object Clause of the Memorandum of Association of the Company.

As per the provision of Section 13 of the Companies Act, 2013, the above alteration requires the approval of shareholders by means of passing of a special resolution in a General Meeting of the Company. The Board has already approved and recommended the same for approval of the shareholders in the aforesaid Annual General Meeting of the Company.

The amended copies of Memorandum of Association of the Company duly incorporating the proposed amendments, are available for inspection at the Registered Office of the Company during normal business hours on any working day upto the date of the meeting. The above amendments in the Memorandum of Association will not affect any other company, the extent of shareholding interest in any other company of any promoter or director of the Company.

None of the director(s) of the Company are concerned or interested in the passing of the aforesaid resolution except to the extent of their shareholding in the Company.

### **By Order of the Board of Directors**

For United Drilling Tools Limited

SD/-

**Pramod Kumar Gupta**

Managing Director

DIN:00619482

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## INTERESTED PERSONS ALONG WITH NATURE OF INTEREST (FOR ITEM NO. 1 TO 3 OF SPECIAL BUSINESS)

- (i) Every Director and the Manager, if any;  
Mr. Pramod Kumar Gupta, and Mr. Kanal Gupta, being Directors of the Company are deemed to be concerned and interested in resolutions Pertaining to appointment of Mr. Kanal Gupta.
- Mr. U S Pandey, being Director of the Company is deemed to be concerned and interested in resolution Pertaining to retirement of directors by rotation to the extent of their shareholding, if any.
- (ii) Every other key managerial personnel;  
There is no key managerial personnel whose interest is required to be stated.
- (iii) Relatives of the persons mentioned in sub-clauses (i) and (ii);  
There are no Relatives of the persons mentioned in sub-clauses (i) and (ii) whose interest is required to be stated.

Any other information and facts that may enable members to understand the meaning, scope and implications of the items of business and to take decision thereon.

Your Board has acted in an unbiased manner and shall act in the larger interest of the Company so as to comply with law of land.

Further proceeding shall be made by Board after seeking approval of members and other terms and conditions, if any, shall be finalized/ accepted by the Board of Directors, pursuant to present authorization, who shall act as per conditions etc., and also in the larger interest of the Company. The resolutions are predominantly compliance based resolutions and are being stated accordingly and any member may assent/dissent from same. A copy of assent/dissent form may be asked at the venue of the meeting which they may be required to fill and hand it over to Company official/ representative at the venue at the time of AGM. The Board commends the Resolution(s) as proposed for approval by the Members.

### By Order of the Board of Directors

For United Drilling Tools Limited

SD/-

**Pramod Kumar Gupta**

Managing Director

DIN:00619482



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### PROFILE OF DIRECTORS

Name of the Director	SH. U S Pandey
Date of Birth	10.08.1946
Date of Appointment	28.02.2015 Finance / Administration
Qualifications	B.A. (Commerce)
Expertise	Finance / Administration
Directorship in other Companies	NIL
Committee Positions in United Drilling Tools Limited	1
Committee Positions in other Public Limited Companies	NIL
Relation between Directors	No.
Number of Shares held in United Drilling Tools Limited	NIL

### (B) Details of Directors confirmed as per Companies Act, 2013

Name of the Director	Mr. Kanal Gupta
Date of Birth	27.10.1982
Date of Appointment	28.02.2015
Qualifications	MBA in finance and HR Management
Expertise	Business Management
Directorship in other Companies	ONE
Committee Positions in United Drilling Tools Limited	NIL
Committee Positions in other Public Limited Companies	NIL
Relation between Directors	Son of Pramod Kumar Gupta, managing Director of the company
Number of Shares held in United Drilling Tools Limited	337505

# UNITED DRILLING TOOLS LTD

CIN:L29199DL1985PLCO15796

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## DIRECTORS' REPORT

To  
The Members,

Your Directors are pleased to present the 33<sup>rd</sup> Annual Report of the Company together with the Audited Statements of the Accounts for the year ended 31st March, 2014 and 31st March, 2015.

### 1. SUMMARIZED FINANCIAL HIGHLIGHTS

The Company's financial performance, for the year ended 31<sup>st</sup> March, 2014 and 31<sup>st</sup> March 2015 as aforesaid is summarized below :

(₹ in Lacs)

Particulars	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
Gross Turnover and other receipts	11190.67	6732.09	4485.06
Profit / (Loss) before Interest and Depreciation	3858.98	625.17	245.08
Less: Interest	150.30	62.29	73.60
Profit/(Loss) Before Depreciation	3708.68	562.88	171.48
Less: Depreciation	942.53	321.29	32.27
Profit /(Loss) Before Tax	2766.15	241.59	139.21
Less: Provision for taxation	168.58	75.40	50.50
Profit /(Loss) After Tax	2599.57	166.19	88.70
Profit brought from Macro Merger	----	79.62	---
Balance brought forward from previous year	617.92	372.11	283.41
Balance carried to Balance Sheet	3215.49	617.92	372.11

### 2. BUSINESS PERFORMANCE

The financial year 2014-15 has been a very successful and important year for the Company. The Company's business shows impressive earnings in a year. The Company was able to capitalize on the market conditions through its operational excellence, higher efficiency and well executed strategies.

Your Company has been able to achieve excellence and efficiency due to the philosophy of hard work predominantly coupled with other strategic endeavor taken by it, which has increased Company's product line and profits. Your company is continuously extending its business into export markets as well as developing perspective customers in India and abroad.

Further the Company's units situated in SEZ in Noida & Kandla commence its business and play an important role to achieve the target and goal. The Company has implemented ISO-14001 and OHSAS-18001 in its plants which will further open overseas markets for the Company and also improve Health and Safety of the employees.

No material changes and commitments have occurred after the close of the financial year till the date of this Report, which affect the financial position of the Company.

### 3. DIVIDEND

Your Directors deems it appropriate to conserve its resources and disburse at appropriate time, instead of distributing





same. This way your Company will be able to conserve its resources and further consolidate the funds position for your Company. The Board may consider remunerating suitably to its members at appropriate time. The decision has been formulated in accordance with the Company's policy to pay/not to pay sustainable dividend linked to long term growth objectives of the Company to be met by internal cash accruals.

#### 4. FUTURE OUTLOOK

The future outlook of the Company seems very promising because of the increase in sales of the products within and outside the country. As demand of Oil and Gas is increasing day-by-day in our country as well as overseas, the requirement of Company's products, which are directly related with Oil sector, is also increasing considerably. The Company has also implemented various quality systems which have improved quality of product and therefore acceptability of Company's product in domestic and international market has also increased considerably. This may eventually leads higher growth, turnover and profit of the company.

#### 5. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the concerned Stock Exchanges in India, is elaborated in a separate section forming part of the Annual Report.

#### 6. LISTING

Your Company's Equity Shares are presently listed on The Bombay Stock Exchange and Delhi Stock Exchange. It is worth mentioning here that UP Stock Exchange Ltd had applied for its exist as Stock Exchange as per Clause 2.2 of the Securities and Exchange Board of India (SEBI) Circular No. CIR/MRD/DSA/14/2012 dated May 30, 2012 and the SEBI vide its Exist Order Dt. June 9th, 2015 allowed the exit of UP Stock Exchange Limited as a stock exchange. Moreover, the Delhi Stock Exchange have been de-recognized by the Securities and Exchange Board of India w.e.f. 19th November, 2014. The Company has paid the listing fees for the year 2015-2016 to Bombay Stock Exchange, where the securities of the Company are listed and stopped paying listing fee to other two stock exchanges and continue to do so in future.

#### 7. MAJOR EVENT

##### **Amalgamation**

During the period under review your company has presented a Scheme of Amalgamation seeking concurrence to same from Hon'ble High Court for amalgamation of Macro Steel Engineers Pvt. Ltd. into it. Hon'ble High Court of Delhi vide its order dated 01/05/2014 for which effective date was 25/07/2014 has sanctioned such a scheme and accordingly the transferor Company stands amalgamated.

##### **Non placing of Audited Financial Accounts for FY ended 31.03.2014, Change in Statutory Auditors and certain defaults**

M/s Agarwal Dhruv & Co., Chartered Accountants, ICAI Firm Registration No.: 008900N were acting as Statutory Auditors of the Company. On account of dereliction of duty on their part, a special notice for not re-appointing them was received which was duly considered by Audit Committee, read with relevant provision of Companies Act, 2013 whereupon office of Auditor was supposed to be changed in given timeframe, considering tenure of specified period, whereupon existing term too was supposed to be considered. On account of same the financials of year ended 31.03.2014 could not be placed before the members and AGM was concluded without adoption of Annual Accounts. Members had approved the appointment of M/s R S Dani & Co., Chartered Accountants to act as Statutory Auditors of the Company and said firm had accordingly completed the Audit of the affairs of your Company for FY ended 31.03.2014 besides FY ended 31.03.2015, which was task left unattended by M/s Agarwal Dhruv & Co., the erstwhile Auditors of your Company. Your management perceive same to be a material event, yet same is not repeated for the sake of brevity, as members were fully apprised as to same in Annual Report for FY ended 31.03.2014.

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## 8. CONSOLIDATED FINANCIAL STATEMENT

Your company has no joint Venture, subsidiaries and Associate companies, hence in accordance with the of Companies Act, 2013 and Accounting standard (AS) -21 no need of consolidated financial statement.

## 9. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

As stated above, your company has no subsidiaries, Joint Venture and Associates Companies.

## 10. DIRECTORS & COMMITTEE

Your Board comprises of eminent, experienced and reputed Individuals from their respective fields. At the 32nd Annual General Meeting held on 11th November, 2014 the company had appointed the existing independent directors Shri S S Bhagat (DIN 00841981), Shri K.D. Aggarwal (DIN; 00861164) and Shri V.B. Mishra (DIN 00619543) as independent directors under The Companies Act, 2013 for 5 consecutive years for a term upto the conclusion of the 37th Annual General Meeting.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and as per the Clause 49 of the Listing Agreement with the concerned Stock Exchanges.

At board meeting held on 28.02.2015 the board had appointed Mr. Kanal Gupta (DIN 01050505) as Additional Director and in another Board meeting held on 30.03.2015, Ms. Shruti Syngal was appointed as Additional cum women Director of the Company. In accordance with the provisions of Companies Act, 2013 Shri U S Pandey (DIN: 02877691), Non- Executive Director retires by rotation and being eligible offers himself for re-appointment.

**The current composition of the Board of Directors is as follows :**

Sr. No	Name of the Director	Designation on the Board
1	Mr. Pramod Kumar Gupta	Chairman and Managing Director
2	Mr. S.S.K Bhagat	Independent Director
3	Mr. V.B. Mishra	Independent Director
4	Mr. K.D. Aggarwal	Independent Director
5	Mr. Uma Shankar Pandey	Non Executive Director
6.	Mr. Kanal Gutpa	Additional Director
7.	Ms. Shruti Syngal	Additional cum Women Director

### 10.1 BOARD EVALUATION

Pursuant to the provisions of Companies Act, 2013 and as per the Clause 49 of the Listing Agreement, the Board has carried out annual performance evaluation of its own performance, the directors individually as well the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholder committee. The manner in which the evaluation has been carried out has been explained in Corporate Governance Report.

### 10.2 REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

### 10.3 MEETINGS

During the year Nine Board Meetings and one independent directors' meeting was held, the Details of which are given in Corporate Governance Report. The provisions of Companies Act, 2013 and listing agreement were adhered to while considering the time gap between two meetings and various other requirements including



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voluntary secretarial standards issued by ICSI. Date of the Board Meeting held during the year are mentioned herewith.

**30.04.2014, 30.08.2014, 07.10.2014, 07.11.2014, 11.11.2014, 07.01.2015, 28.02.2015, 21.03.2015 and 30.03.2015.**

### 10.4 AUDIT COMMITTEE

The company is having an audit committee comprising of the following Independent Directors :

Name	Status	Category
Shri V.B. Mishra	Chairman	Non Executive & Independent Director
Shri K.D. Aggarwal	Member	Non- Executive & Independent Director
Shri S.S.K Bhagat	Member	Non Executive & Independent Director

All the recommendations made by the Audit Committee were accepted by the Board.

### 10.5 NOMINATION AND REMUNERATION COMMITTEE

The company is having a Nomination and Remuneration Committee comprising of the following directors:

Name	Status	Category
Shri K.D. Aggarwal	Chairman	Non- Executive & Independent Director
Shri S.S.K Bhagat	Member	Non Executive & Independent Director
Shri V.B. Mishra	Member	Non Executive & Independent Director

All the recommendations made by the Nomination & Remuneration Committee were accepted by the Board.

### 10.6 STAKE HOLDER GRIEVANCE/RELATIONSHIP COMMITTEE

The company is having Stake holder Grievance Committee comprising of the following Directors:

Name	Status	Category
Shri V. B. Mishra	Chairman	Non Executive and Independent director
Shri U.S Pandey	Member	Non – Executive Director
Shri P.K. Ojha	Company Secretary	Compliance Officer

## 11. CORPORATE SOCIAL RESPONSIBILITY

Even though the provisions of Companies Act, 2013 regarding Corporate Social Responsibility are not attracted to the Company yet the Company has been, over the years, pursuing as part of its corporate philosophy, the key philosophy of all CSR initiatives of the Company is guided by three core commitments of Scale, Impact and Sustainability, an unwritten CSR policy voluntarily which goes much beyond mere philanthropic gestures and integrates interest, welfare and aspirations of the community with those of the Company itself in an environment of partnership for inclusive development.

The Company would also undertake other need based initiatives in compliance with Schedule VII to the Act. During the year, the Company has spent ₹2, 39, 501 (Two Lac Thirty Nine Thousand Five hundred One (around 1.77 % of the average net profits of last three financial years) on CSR activities even though the provision of section 135 of the Companies Act 2013 were not applicable to the Company during the financial year ended 31st March, 2015.

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## 12. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Listing Agreement, includes an Ethics & Compliance Task Force comprising senior executives of the Company. In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behaviour. Protected disclosures can be made by a whistle blower through an e-mail, or dedicated telephone line or a letter to the Chairman of the Audit Committee.

This policy is uploaded on the website of company.

## 13. DIRECTORS' RESPONSIBILITY STATEMENT

For Financial Year ended 31.03.2014 and 30.03.2015, your Directors' state that:

Pursuant to Section 134 of the Companies Act, 2013, the Directors confirm that:

- a. In the preparation of the accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. Appropriate accounting policies have been selected and applied consistently and have made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and 31st March, 2015 and of the profit of the Company for the financial year ended 31st March, 2014 and 31 March 2015.
- c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. The Annual Accounts have been prepared on a going concern basis;
- e. Internal financial controls have been laid down to be followed by the Company and such internal financial controls are adequate and were operating effectively;
- f. Proper system has been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 14. BUSINESS RESPONSIBILITY REPORT

As stipulated under the Listing Agreement, the Business Responsibility report describing the initiatives taken by the Company from environmental, social and governance perspective is to be attached as part of the Annual Report. It is not mandatory for your company.

## 15. RELATED PARTY TRANSACTIONS

There were no contracts or arrangements entered into by the company requiring compliance as enshrined in section 188 of the Companies Act, 2013 during the financial year 2014-15. However, during the financial year 2013-14, there was a related party transaction with Macro Steel Engineers Ltd for which your company had already obtained approval from Regional Director northern region under section 297 of Companies Act, 1956.

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons during financial year 2014-15 which may have a potential conflict with the interest of the Company at large. All Related Party Transactions are placed before the Audit Committee as also the Board for approval.

Your Directors draw attention of the members to Note 11(B) to the financial statement which sets out related party disclosures.

**16. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations. The Management is satisfied that the company has complied with all legal requirements as applicable to the Company for the Financial Year ended 31st March, 2015.

**17. INTERNAL FINANCIAL CONTROLS**

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

**18. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Shri U.S. Pandey, Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible have offered himself for re-appointment.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and Clause 49 of the Listing Agreement with the Stock Exchanges.

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of the non-executive directors and executive directors.

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are uploaded on the website of the Company.

Furthermore, pursuant to provisions of Section 203 of the Companies act, 2013 the board had nominated below stated persons as KMP

Mr. Pramod Kumar Gupta	- CMD
Mr. Pramod Kumar Ojha	- Company Secretary

**19. AUDITORS****19.1 STATUTORY AUDITORS**

M/s R S Dani & Co., Chartered Accountants were appointed to act as such by members in 32nd AGM consequent upon M/s Agrawal Dhruv & Company, the erstwhile Chartered Accountants and the Statutory Auditors of the Company, retiring and not been re-appointed at the conclusion of 32nd AGM basing on the basis of Special Notice received under Section 140 (4) read with Section 115 of the Companies Act, 2013 recommending appointment of M/s R S Dani & Co., Chartered Accountants, stating that M/s Agarwal Dhruv & Company shall not be re-appointed as Statutory Auditors of the Company, which was complied as per applicable procedures.

The Board has accordingly recommended appointment of R S Dani & Co., Chartered Accountants as Statutory Auditors for a period of five consecutive years which was approved by members in last AGM.

Consequent upon non placing of financials for FY ended 31.03.2014 within scheduled time, the Company ran into defaults of various nature, which would be addressed separately, the Financials for year ended 31.03.2014 were placed before Statutory Auditor M/s R S Dani & Co., and audit for said period was completed by them, besides Audit of Financials for FY ended 31.03.2015.

Accordingly a audit report alongwith financials as on 31.03.2014 & 31.03.2015 are being placed before the members for their consideration and adoption.

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Furthermore as the appointment was done for a period of five years, as stipulated under provisions of Chapter X of The Companies Act, 2013 read with applicable rules, subject to ratification by members at every consequent Annual General Meeting, hence ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing AGM.

M/s. R S Dani & Co., Chartered Accountants, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have confirmed their eligibility to the effect that their re-appointment, if made, would be within the prescribed limits under the Act and that they are not disqualified for re-appointment.

The Notes on financial statement referred to in the Auditors' Report for either of the years are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

## 19.2 SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed M/s Balraj Sharma & Associates, Company Secretaries, New Delhi to undertake the secretarial audit of the Company, which was approved by members in 32nd AGM. The Secretarial Audit Report is annexed herewith as 'Annexure 1'.

The Notes referred in the Secretarial Auditors' Report for the year ended 31st March, 2015 are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualifications, reservations or adverse remarks.

## 19.3 INTERNAL AUDITORS

Consequent upon existence of provisions of Section 138 of the Companies Act, 2013, Mr. Vishnu Singh who is having vast experience in finance and Accounts was appointed to perform the duties of internal auditor of the company and their report is reviewed by the audit committee from time to time.

The Report of Internal Auditors does not contain any qualification, reservation or adverse remark.

## 20. CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI for statutory and non statutory clauses as well. The Company duly comply with the various provisions under different clauses of listing agreement of the stock exchange(s). In pursuance of Clause 49 of the listing agreement in respect to Corporate Governance the company duly complies and submitted a quarterly report to the stock exchanges on each occasion. The company has also followed the Corporate Governance practices, which enables to maintain transparency and serve the long-term interest of the Shareholders. The Consolidated Management Discussion and Analysis Report as well as report on Corporate Governance as of 31.03.2014 & 31.03.2015 are attached hereto as a part of this Annual Report as Annexure-A.

## 20.1 DETAILS PERTAINING TO EMPLOYEES AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT 2013

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014



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Employed throughout the Financial Year 2014-15

Name	Age	Qualification	Designation	Date of commencement of employment	Experience	Gross remuneration	Previous employment	designation
NONE	NA	NIL	NA	NA	NA	NA	NA	NA

Employed for a part of the Financial Year 2014-15

Name	Age	Qualification	Designation	Date of commencement of employment	Experience	Gross remuneration	Previous employment	designation
NONE	NA	NA	NA	NA	NA	NA	NA	NA

## DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2014-15, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for financial year 2014-15 (in ₹)	% increase in Remuneration in the Financial Year 2014-15	Ratio of remuneration of each Director/ to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company
1.	Mr. Pramod Kumar Gupta Managing Director	42, 00, 000	75	24:1	Satisfactory
2.	Mr. S.S.K Bhagat Independent Director	82, 500	101.2	33:70	
3.	Mr. K. D. Aggarwal Independent Director	82, 500	101.2	33:70	
4.	Mr. V.B. Mishra Independent Director	82, 500	101.2	33:70	
5.	Mr. U.S Pandey Non-Executive Director	5, 30, 000	7.25	3.02:1	
6.	Mr. Kanal Gupta Additional director	NIL	NIL	NIL	
7.	Mr. S.S. Manral CFO	3, 22, 053	NIL (appointed during 2014-15)	1.8:1	Satisfactory
8.	Mr. P.K. OJha Company Secretary	4, 38, 470	15.4	2.5:1	Satisfactory

(Note: Sitting fee given to director for Board and Committee meeting taken as remuneration and Median is taken as ₹ 1, 75, 000)

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The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – Not Applicable; and

It is hereby affirmed that the remuneration paid is as per the as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

## 21. DEMATERIALISATION OF EQUITY SHARES

Your company is registered with CDSL & NSDL for dematerialization and Company's ISIN Number is INE961D01019. M/s Alankit Assignments Ltd. Is acting as its agent for demat and other related requests for its equity shares.

## 22. 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 of the Company.

## 23. INDUSTRIAL RELATIONS

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

## 24. ECOLOGY & SAFETY CERTIFICATE

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

## 25. EXTRACT OF ANNUAL RETURN

In pursuant to provision of section 92(3) of the companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014 the Extract of Annual Return as on the Financial year ended 31st March, 2015 in Form No. MGT-9 is given below:

### I. REGISTRATION AND OTHER DETAILS

- i) CIN:- **L29199DL1985PLCO15796**
- ii) Registration Date: **24.05.1985**
- iii) Name of the Company: **United Drilling Tools Limited**
- iv) Category/Sub-Category of the Company: **Company having Share Capital**
- v) Address of the Registered Office and Contact Details:  
**B-94, Shashi Garden, Patparganj, Delhi-110090, Telephone No. 0120-4842400**
- vi) Whether listed Company: **Yes**
- vii) Name, Address and Contact Details of Registrar and Transfer Agent, if any:  
**Alankit Assignments Limited, 1E/13, Alankit Heights, Jhandewalan Extension, New Delhi-110055**  
Tel. No. 011-42541956





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### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

SL. No.	Name and Description of main Products/services	NIC Code of the Product/Service	% to Total turnover of the company
1.	Connector	28221	51.47
2.	Casing Pipe	28221	37.42

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No.	Name And Address of the Company	CIN/GIN	Holding/ Subsidiary /Associates	% of Shares Held	Applicable Section
1.	Company has no holding subsidiary and associate companies				

### IV. SHARE HOLDING PATTERN (Equity share Capital Breakup as percentage of Total Equity)

#### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b> (1) Indian									

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a) Individual/HUF	3997672	18400	4016072	74.29	7511005	18400	7529405	73.61	Decrease by 0.68%
b) Central Govt.	00	00	00	00	00	00	00	00	
c) State Govt.(s)	00	00	00	00	00	00	00	00	
d) Bodies Corp.	00	00	00	00	00	00	00	00	
e) Banks/FI	00	00	00	00	00	00	00	00	
f) Any other...	00	00	00	00	00	00	00	00	
<b>Sub-Total</b>	<b>3997672</b>	<b>18400</b>	<b>4016072</b>	<b>74.29</b>	<b>7511005</b>	<b>18400</b>	<b>7529405</b>	<b>73.61</b>	
<b>(2) Foreign</b>									
a) NRIs- Individuals	00	00	00	00	00	00	00	00	
b) Others Individu-als	00	00	00	00	00	00	00	00	
c) Bodies Corp:	00	00	00	00	00	00	00	00	
d) Banks / FI	00	00	00	00	00	00	00	00	
e) Any other...	00	00	00	00	00	00	00	00	
<b>Sub Total (A) (2);</b>	00	00	00	00	00	00	00	00	
<b>Total Sharehold- ing of Promoter (A)= (A)(1)+(A)(2)</b>	<b>3997672</b>	<b>18400</b>	<b>4016072</b>	<b>74.29</b>	<b>7511005</b>	<b>18400</b>	<b>7529405</b>	<b>73.61</b>	
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	00	00	00	00	00	00	00	00	
b) Banks/Fi	00	00	00	00	00	00	00	00	
c) Central Govt.	00	00	00	00	00	00	00	00	
d) State Govt(s)	00	00	00	00	00	00	00	00	
e) Venture Capital funds	00	00	00	00	00	00	00	00	
f) Insurance Cam-panies	00	00	00	00	00	00	00	00	
g) FIs	00	00	00	00	00	00	00	00	
h) Foreign Venture Capital Funds	00	00	00	00	00	00	00	00	
i) Others (Specify)	00	00	00	00	00	00	00	00	
<b>Sub-total (B) (1)</b>	00	00	00	00	00	00	00	00	
<b>2. Non-Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian	30101	7650	37751	0.70	60481	1316239	1376720	13.46	<b>+12.76</b>



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ii) Overseas	00	00	00	00	00	00	00	00	
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto ₹1 Lakh	221906	1071562	1293468	23.92	279048	971631	1250685	12.23	-11.69
ii) Individuals shareholders holding nominal share Capital in excess of ₹1 lakh	32200	00	32200	0.60	39200	00	39200	0.38	-0.22
<b>c) Others (FRI)</b>	2800	23500	26300	0.49	9303	22700	32003	0.31	-0.18
Trust	400	00	400	0.01	400	00	400	0.004	-0.006
<b>Sub Total (B) (2)</b>	287407	1102712	1390119	25.71	388432	2310576	2699008	26.39	-0.68
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	4285079	1121112	5406191	100	7899437	2328976	10228413	100	
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	00	00	00	00	00	00	00	00	
<b>Grand Total (A+B+C)</b>	4285079	1121112	5406191	100	7899437	2328976	10228413	100	

## (ii) Shareholding of Promoters

1	Pramod Kumar Gutpa	3823567	70.73	NIL	7181900	70.22	NIL	3358333	
2.	Kanal Gutpa	182505	3.38	NIL	337505	3.30	NIL	155000	
3.	Prabh Gupta	1700	0.03	NIL	1500	0.01	NIL	NIL	
4.	Neha Gupta	8300	0.15	NIL	8300	0.08	NIL		
	<b>Total</b>	<b>4016072</b>	<b>74.29</b>	<b>00</b>	<b>7529405</b>	<b>73.61</b>	<b>00</b>	<b>351333</b>	

## (iii) Change in Promoters' Shareholding (please Specify, if there is no change)

SL No.		Share holding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	AT the beginning of the year	4016072	74.29	NIL	NIL

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	Date wise Increase / Decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus /sweat equity etc);	3513333 equity shares had been issued in pursuant to approved scheme of amalgamation on 07.10.2014	34.34	NIL	NIL
	At the end of the year	7529405	73.61	NIL	NIL

#### (iv) Shareholding Pattern of Top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

SL No.		Share holding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>For the Top 10 Share holders</b>				
	At the beginning of the year	95700	1.77	NIL	NIL
	Date wise Increase / Decrease in share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus /sweat equity etc);	1308889 Equity shares had been allotted in pursuant to approved Scheme of amalgamation on 07.10.2014	12.78	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	1398092	13.67	NIL	NIL

#### (v) Shareholding of Directors and Key Managerial Personnel

SL No.		Share holding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>For each of the Directors and KMP</b>				
	AT the beginning of the year	NIL	NIL	NIL	NIL
	Date wise increase /Decrease in Share holding during the year	NIL	NIL	NIL	NIL
	Specifying the reason for increase /decrease (e.g allotment/transfer/ bonus /sweat equity etc	NA	NA	NA	NA
	At the end of the year	NIL	NIL	NIL	NIL

#### (VI) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amount in ₹)



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## (VI) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amount in ₹)

SL No.		Secured Loans excluding deposit	Unsecured Loans	Deposits	Indebtedness Total
	<b>Indebtedness at the beginning of the financial year</b>				
	i) Principal Amount	3,59,30,310	5,70,09,450	NIL	9,29,39,760
	ii) Interest due but not paid	1,13,393	33,55,851	NIL	34,69,244
	iii) Interest accrued but not due	NIL		NIL	
	<b>Total (i+ii+iii)</b>	<b>3,60,43,703</b>	<b>6,03,65,301</b>	<b>NIL</b>	<b>9,64,09,004</b>
	Changes in Indebtedness during the financial year				
	• Additional	16,44,198	4,49,89,907	NIL	4,66,34,105
	• Reduction	3,60,43,703	3,54,26,715	NIL	7,14,70,418
	<b>Net Change</b>	<b>3,43,99,505</b>	<b>95,63,192</b>	<b>NIL</b>	<b>-2,48,36,313</b>
	<b>Indebtedness at the end of the financial year</b>				
	i) Principal Amount	16,44,198	6,55,76,174	NIL	6,72,20,372
	ii) Interest due but not paid	NIL	4,35,23,119	NIL	43,52,319
	iii) Interest accrued but not due	NIL	NIL	NIL	NIL
	<b>Total (i+ii+iii)</b>	<b>16,44,198</b>	<b>6,99,28,493</b>	<b>NIL</b>	<b>7,15,72,691</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONAL

A. Remuneration of Managing Director, Whole Time Directors and /or Manager

S.No.	Particulars of Remuneration	Name of MD/WTD/ Manger	Total Amount
		Pramod Kumar Gutpa	
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	42, 00, 000	42, 00, 000
	(b) Value of perquisites u/s 17(2) of Income tax Act, 1961	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) income tax Act, 1961	NIL	NIL
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL

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4.	Commission - as % of Profit - others, specify	NIL NIL	NIL NIL
5.	Others, please specify	NIL	NIL
	<b>Total (A)</b>	<b>42, 00, 000</b>	<b>42, 00, 000</b>
	Ceiling as per the Act (Schedule-V)	42, 00, 000	42, 00, 000

## B. Remuneration of other director:

SL No.	Particulars of Remuneration	Name of Directors				Total Amount
		K D Aggarwal	S S K Bhagat	V.B. Mishra	U. S. Pandey	
<b>1. Independent Directors</b>						
	• Fee for attending Board Committee Meeting	82,500	82,500	82,500	NA	2,47,500
	• Commission	NIL	NIL	NA	NA	
	• Others, Please specify	NIL	NIL	NIL	NA	
	<b>Total (1)</b>	<b>82,500</b>	<b>82,500</b>	<b>82,500</b>	<b>NA</b>	<b>2,47,500</b>
<b>2. Others Non-Executive Directors</b>						
	• Fee for attending Board committee meeting	NIL	NIL	NIL	50,000	50,000
	• Commission	NIL	NIL	NIL	NIL	NIL
	• Others, please specify (Consultancy fee)	NIL	NIL	NIL	4,80,00	4,80,000
	<b>Total (2)</b>	NIL	NIL	NIL	<b>5,30,000</b>	<b>5,30,000</b>
	<b>Total (B) =(1+2)</b>	<b>82,500</b>	<b>82,500</b>	<b>82,500</b>	<b>5,30,000</b>	<b>7,77,500</b>
	Total Managerial Remuneration					<b>49,77,500</b>
	Overall Ceiling as per act	11% percent of the net profit of the Company for the financial year 2014-15.				



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## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SL No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
<b>1.</b>	<b>Gross Salary</b>				
	(a) Salary as per provision of Contained in section 17(1) of the Income tax Act, 1961	No CEO in the company	4, 38, 470	3, 22, 053	7, 60, 523
	(b) Value of perquisites u/s 17(2) income tax Act, 1961		NIL	NIL	NIL
	(c) Profit in lieu of salary u/s 17(3) Income tax Act,		NIL	NIL	NIL
<b>2.</b>	<b>Stock Option</b>	NA	NIL		NIL
<b>3.</b>	<b>Sweat Equity</b>	NA	NIL		NIL
<b>4.</b>	<b>Commission</b> - As % of profit - Others, specify	NA	NIL		NIL
<b>5.</b>	<b>Others, please specify</b>	NA	NIL	NIL	NIL
	<b>Total</b>	<b>NA</b>	<b>4, 38, 470</b>	<b>3, 22, 053</b>	<b>7, 60, 523</b>

## VIII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act,	Brief Description	Details of Penalty/ Punishment/ compounding fees imposed	Authority [RD/NCLT/ Court]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			NONE		
Compounding					
<b>C. OTHERS IN DEFAULT OFFICERS</b>					
Penalty					
Punishment			NONE		
Compounding					

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## 26. 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 yet the company has taken due measures to control the wastages of energy and lights power as energy conservation dictates how efficiently a company can conduct its operations.

The other particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided elsewhere in this Report.

## 27. RESEARCH AND DEVELOPMENT

- (a) 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.
- (b) 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.
- (c) Future plan of action: New R&D is being established for developing & improving existing as well as new products.
- (d) Expenditure on R&D: Expenditure on R&D has been charged under primary heads of account.

## 28. TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

Your Company continuously keep on adapting new technology relating to manufacturing of oil drilling equipments and tools attending seminars, conferences and interactions with foreign suppliers and collaborators. This helps the Company in absorbing, adapting and innovating new technology.

## 29. FOREIGN EARNING AND OUT GOES

The Company has continued to maintain focus and avail of export opportunities based on economic considerations.

Particulars	2014-15 (Amount in ₹)	2013-14 (Amount in ₹)
Outgo: Total foreign Exchange outgo including cost of Imported material	24, 52, 47, 764	14, 56, 99, 337

## 30. GENERAL

Your Board state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
4. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.





5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

**DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION PROHIBITION & REDRESSAL) ACT, 2013**

The Company has in place an Anti Sexual Harassment Policy in the line with the requirement of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding Sexual Harassment. All employees (permanent, contractual, temporary, trainees) are covered under his policy.

The following is a summary of Sexual Harassment complaints received and disposed off during the year 2014-15.

No. of complaints received : NIL

No. of complaints disposed off: NIL

**31. ACKNOWLEDGEMENT**

Your directors wish to place on record their appreciation for the continued support of the customers, 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 various other associates.

On behalf of the Board, I would like to convey to our Hon'ble members that over the years your deep and abiding trust and invaluable support has enabled us to continuously improve our performance despite extremely challenging time in the recent past where in sourcing Raw materials /components at competitive prices have become an arduous task and further hope they will continue to give their support in full spirit in the years to come.

**Regd. Office:**

B-94, Shashi Garden  
Patparganj, Delhi-110091  
Dated: 08.08.2015

By Order of the Board of Directors  
sd/-

(PRAMOD KUMAR GUPTA)  
CHAIRMAN & MANAGING DIRECTOR  
DIN: 00619482

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## Annexure - A

### MANAGEMENT DISCUSSION & ANALYSIS REPORT

#### FORWARD-LOOKING STATEMENT

The report contains forward-looking statements, identified by words like 'plans', 'expects', 'anticipates', 'believes', 'intends', 'projects', 'estimates' and so on. All statements that address expectations or projections about the future, but not limited to the Company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements. Since these are based on certain assumptions and expectations of future events, the Company cannot guarantee that these are accurate or will be realised. The Company's actual results, performance or achievements could thus differ from those projected in any forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events.

#### OVERVIEW

The economy witnessed divergent trends and stress on major oil producing countries as a direct result of sharp decline in energy prices, especially in the second half of the year leading to lower demand for products dealt by your Company.

Despite unpredictable headwinds, the global economic recovery is gaining momentum. These winds of positive change have masked the growth divergence among major economies and India is seemingly benefitting most out of it. Specifically, the recovery in United States was stronger than expected, while performance in Japan and Eurozone has fallen short of expectations.

India's economy is poised to return to its high-growth path, thanks to lower fiscal and current account deficits, falling inflation, and structural reforms to boost investments. The manufacturing sector is likely to benefit from lower interest rates. However, productivity and capital efficiency improvement are likely to drive near-term growth.

Despite the significant decline in commodity prices, UDTL delivered a reasonable financial performance, led by descent earnings. The benefits from demand revival and strong product margins shall improve the bottomline for your Company and result of which will be seen in time to come.

#### INDUSTRY STRUCTURE & DEVELOPMENT

The company is supplying and manufacturing various kinds of oil drilling tools, equipments and accessories to clients of repute like Oil & Natural Gas Corporation Ltd. and Oil India Ltd. Your Board is very much confident about the success of the existing as well as new projects. The company has developed a new product casing pipe with connector which is produced/manufactured by units situated at Kandala SEZ Gandhidham, Gujarat.

#### Market environment and outlook

FY 2014-15 provided various industries with both challenges and opportunities. The steep decline in global energy prices during the second half of the year was a reason to slow down by Energy Companies leading to slowdown to some extent in demand for your products as well. The impact of the steep drop was felt across the economy and resulted in significant destocking for the industry in 3Q FY 2014-15.

However, stabilisation of product prices at lower levels is likely to aid a faster revival of demand growth. The Consumption pattern is correlated to global economic growth. Improving macro-economic activity levels is likely to drive demand for your company's product end uses that encompass most Oil, Energy, Drilling and allied industries.

**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. Your company runs certain risks as it fails to comply with certain provisions of law of land i.e Companies Act and Listing Agreement, which are suitably explained in Directors' Report. The Board is concerned over the state of affairs and shall take suitable steps, yet the regulatory risk involved cannot be ruled out.

**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' / stakeholders' 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 systems 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**

The Company delivered superior financial performance on a consolidated basis, with improvements across key parameters. As already detailed in the financial highlights the revenue generation of the company was higher as compared to earlier years, because of various positive factors and steps initiated by management towards progress of the Company.

**HUMAN RESOURCE**

Human resource in UDTL continues to be core strength and always endeavors to work towards having sound, proactive & progressive HR strategies and practices in place so as to align Company's objectives and employee aspirations. The HR function has strengthened its impact in its day-to day functioning, and is raising its bar of excellence to ensure timely availability of necessary talent and capabilities and engage and help talent to perform sustainably. The function continues to strive towards ensuring that the HR philosophy is translated into action.

**FINANCE AND CONTROL**

UDT's finance team at the corporate level is complemented by independent finance teams of various business units to ensure an effective and dynamic system of flexibility and control. This structure ensures financial propriety and accurate reporting of business transactions, ensuring that all statutory requirements are strictly adhered to and continuously monitored.

**CORPORATE GOVERNANCE REPORT****(A) COMPANY'S PHILOSOPHY**

Corporate Governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions in the widest sense. The objective is to meet stakeholders' aspirations and societal expectations. Good governance practices stem from the dynamic culture and positive mindset of the organisation. The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability in the management's higher echelons. The demands of Corporate Governance require professionals to raise their competence and capability levels to meet the expectations in managing the enterprise and its resources effectively with the highest standards of ethics.

The Company adheres to good corporate practices and is constantly striving to better them and adopt emerging best practices. It is believed that adherence to business ethics and commitments to corporate social responsibility have enabled the Company to achieve its goal of building India through maximizing value for all its stakeholders. By

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combining ethical values with the business acumen, strengthening of professional resources with national interests and core business with emerging business, the Company maintains its legendary status of respected Manufacturing Company. The Company will continue to focus its resources, strengths and strategies to achieve its vision of becoming India's most valuable Manufacturing Company, while upholding the core values of excellence, integrity, responsibility, quality and customer services, which are fundamental to the UDT.

## (B) BOARD OF DIRECTORS

The Company believes that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. The Board's actions and decisions are aligned with the Company's best interests. It is committed to the goal of sustainably elevating the Company's value creation. The Board of Directors (the Board), an apex body formed by the shareholders, serve and protect the overall interests of stakeholders; provides and evaluates the strategic directions of the Company; formulates and reviews management policies and ensure their effectiveness. As of 31st March 2015, the Chairman and Managing Director managed the business of the Company under the overall supervision and guidance of the Board.

The Board represents an optimum mix of professionalism, knowledge and experience. As on 31st March 2015, the total strength of the Board was 7 directors with an Executive Chairman. No directors are a member of more than ten committees or chairman of the more than five committee across in all companies in which they are directors.

The Company has benefited from the professional expertise of the Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges

## I. BOARD MEETINGS

During the financial year under review 09 (Nine) Board meetings were held and the gap between two board meetings did not exceed 120 days. The dates on which the Board meetings were held are as follows:

**30.04.2014, 30.08.2014, 07.10.2014, 07.11.2014, 11.11.2014, 07.01.2015, 28.02.2015, 21.03.2015, 30.03.2015.**

## II. COMPOSITION AND ATTENDANCE

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies are given herein below.

Name of Directors	Category	Financial Year 2014-2015 Attendance at		No. of Directorship in other companies*		No. of Committee position held in public companies including UDT	
		B.M	Last AGM	Chairman	Member	Chairman	Member
Mr. P.K. Gupta	Executive	09	Yes	Nil	Nil	Nil	Nil
Mr. S.S.K. Bhagat	Independent & Non Executive	09	Yes	Nil	Nil	Nil	2
Mr. V.B. Mishra	Independent & Non Executive	09	Yes	Nil	Nil	2	1
Mr. K.D. Aggarwal	Independent & Non Executive	09	Yes	Nil	Nil	1	1
Mr. U.S.Pandey	Non Executive	08	Yes	Nil	Nil	Nil	1
Mr. Kanal Gupta	Additional Director	02	Nil	NIL	One	NIL	Nil
Ms. Shruti Syngal	Addl. Woman Director	00	NIL	Nil	One	NIL	NIL

**Notes:**

1. The Directorship/Committee Membership is based on the latest disclosures received from Directors.
2. None of the Directors is a Member of the Board of more than 20 companies including alternate directorship in terms of Section 165 of the Companies Act, 2013 or more than 10 public companies; As per listing agreement directors are not member of more than 10 Committees and Chairman of more than 5 Committees, across all companies in which he is a Director.
3. In pursuant to section 2(77) of Companies Act, 2013 and rule 4 of the Companies (Specification of details) Rule-2014, Mr. Kanal Gupta and Mr. Shruai Synghal is related to Mr. Pramod Kumar Gupta, Managing director of the company.

During the year, information as mentioned in Annexure X to Clause 49 of the Listing Agreements has been placed before the Board for its consideration.

The company issued formal letters of appointment to independent directors in the manner as provided in the Companies Act, 2013. The terms and conditions of appointment are disclosed on the website of the company.

The company has formulated a policy to familiarise the independent directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programmes.

**III. Code of Conduct for Board members and Senior Management**

The Board of Directors has laid down the code of conduct for all the Board members and members of the Senior Management of the Company. The Code gives guidance and support needed for ethical conduct of business and compliance of law. The Code reflects the values of the Company viz. - Customer Value, Ownership Mind-set, Respect, Integrity, One Team and Excellence. Additionally all independent directors of the company shall be bound by duties of independent directors as set out in the Companies Act, 2013 read with the Schedules and Rules thereunder.

All the Board members and Senior Management personnel have affirmed compliance with the code of conduct. The Code of Conduct is available on the website of the company.

**IV. RESUME OF DIRECTORS PROPOSED TO BE RE-APPOINTED**

The brief resume of Directors retiring by rotation and seeking re-appointment is appended in the notice for calling Annual General Meeting.

**V. COMMITTEES OF THE BOARD**

The terms of reference of Board Committees are determined by the Board from time to time. Presently the Company has three committees i.e Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee. The Board is authorised to constitute additional functional Committees, from time to time, depending on business needs. All the decisions pertaining to the constitution of the Committees, appointment of members, and fixing of terms of reference for committee members are taken by the Board of Directors. Details on the role and composition of these committees, including the number of meetings held during the financial year and the related attendance, are provided below:

**(i) Audit Committee****a) Composition**

The Audit Committee of the Board is headed by Mr. K.D.Aggarwal, an Independent Non-executive Director. Mr. K.D.Aggarwal has vast, diverse and enriched experience in financial management, corporate affairs, accounting and audit matters. Last two meeting of audit committee is headed by Mr. V.B Mishra. The other members of the Committee are Mr. V.B Mishra, Non Executive Independent Director and Mr. S.S.K Bhagat Independent Non- Executive Director.

# UNITED DRILLING TOOLS LTD

CIN:L29199DL1985PLCO15796

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

E-mail: compsect@udtltd.com, Website: www.udtltd.com

Phone: +91-0120-4842400, Fax: +91-120-24622675



All the members have requisite financial, accounting and management experience. The composition of the Audit Committee meets the requirements of Section 177 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement. The Company secretary of the company is secretary of the audit committee.

## b) Meetings and Attendance

During the year 2014-15, the members of the Audit Committee met Six times i.e. 25.04.2014, 30.08.2014, 07.10.2014, 07.01.2015, 28.02.2015 and 30.03.2015. The table below gives the attendance record of the audit committee meeting.

Numbers of Meeting held and Attendance:-

Members	Number of Meeting Held	Number of Meeting Attended
Mr. K.D.Aggarwal	06	06
Mr. V.B. Mishra	06	06
Mr. S.S.K Bhagat	06	06

Minutes of the meetings of the Audit Committee are approved by the Chairman of the Committee and are noted and confirmed by the Board in its next meeting.

## c) Role of the Audit Committee, inter alia, includes the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- Recommending the appointment, remuneration and terms of appointment of statutory auditors including cost auditors of the Company
- Approving payment to statutory auditors, including cost auditors, for any other services rendered by them
- Reviewing with the management, the annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
- Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
- Changes, if any, in accounting policies and practices and reasons for the same;
- Compliance with listing and other legal requirements relating to financial statements;
- Disclosure of any related party transactions;

## (ii) Remuneration Committee

### a) Composition

The Remuneration Committee comprises of three Directors- As on 31st March 2015 Mr. K.D.Aggarwal Independent Non Executive Director, is the Chairman of the Committee the other members of the Committee are Mr.V.B Mishra and Mr S.S.K Bhagat.

### b) Meetings and Attendance

During the year 2014-15, One meeting of Remuneration Committee was held on 07.10.2014.

### c) Remuneration Policy

The Remuneration Policy of the Company for managerial personnel is primarily based on the following criteria:

- Performance of the Company, its divisions, associates and units;
- Success, potential and performance of individual managers; and
- External competitive environment.



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The Company's remuneration policy is based on three tenets: pay for responsibility, performance, potential and growth. Individual performance pay is determined by business performance of the business unit and the group as a whole clubbed with performance of individuals measured through the annual appraisal process.

### PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, a separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board who were evaluated on parameters such as level of engagement and contribution and independence of judgment thereby safeguarding the interest of the Company. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The board also carried out annual performance evaluation of the working of its Audit, Nomination and Remuneration as well as stakeholder relationship committee. The Board expressed their satisfaction with the evaluation process.

#### (iii) Stakeholders grievance redressal Committee

As per requirement of clause-49 of listing agreement under the chairmanship of Mr. V.B. Mishra, an independent Director of the company, the Board of the company has constituted such committee for redressal of stakeholder grievances. Mr. U.S Pandey, director of the company, is another member of this committee and Mr. P.K. Ojha, company secretary of the company acts as secretary of this committee.

During the financial year 2014-15, there were five (5) meetings held by this committee. Details of which is given below:-

20.06.2014, 11.09.2014, 26.11.2014, 07.01.2015, 28.02.2015;

#### Numbers of Meeting held and Attendance:

Members	Number of Meeting Held	Number of Meeting Attended
Mr. V.B. Mishra	05	05
Mr. U. S. Pandey	05	05
CS. P.K. Ojha	05	05

#### (C) Related Party Transactions.

All transactions entered into with Related Parties as defined under Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on an arms length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements.

#### (D) Equity Shares held by Directors as on 31st March 2015

Except as stated below, none of the Directors hold Equity Shares in the Company.

Name of the Director	No. of shares
Mr. Pramod Kuamr Gupta	7181900
Mr. Kanal Gupta	337505

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## VI. Meeting of Independent Directors

Independent Director of the company meet on 30.03.2015 to evaluate performance of the non-executive Directors of the company as well as Board as whole and chairperson of the company. They also review the audit process which includes internal as well as statutory of the company.

## VII. Code of Conduct

The Code of Conduct (the Code) as adopted by the Board is a comprehensive Code to ensure good governance and to provide for ethical standards of conduct on matters including conflict of interest, acceptance of positions of responsibility, treatment of business opportunities and the like. The Code is applicable to all the Directors and Senior Management Personnel of the Company including its subsidiaries. An Annual affirmation has been obtained from all members of the Board and Senior Management Personnel as on 31st March, 2015. In terms of Clause 49 of the Listing Agreement a duly accepted code of conduct is uploaded on the website of company i.e www.udt ltd.com.

## VIII. ANNUAL GENERAL MEETINGS

### (a) Location, date and time of last three Annual General Meetings (AGMs) and Special Resolutions passed thereat:

YEAR	LOCATION	DAY, DATE & TIME	SPECIAL RESOLUTION
2011-2012	Maharanibagh Community Centre 1. Central Revenue, Maharani Bagh New Delhi-110065	Wednesday the 26th September 2012 at 11.30 A.M	Yes
2012-2013	Maharanibagh Community Centre 1. Central Revenue, Maharani Bagh New Delhi-110065	Wednesday the 25th September 2013 at 11.30 A.M	No
2013-2014	Maharanibagh Community Centre 1. Central Revenue, Maharani Bagh New Delhi-110065	Tuesday, the 11th day of November, 2014 at 11.00 A.M.	Yes

## IX. Disclosures

The company has always ensured fair code of conduct and maintained transparency, accountability and non partiality in making disclosure as required under listing agreement.

In accordance with requirement of Companies Act as well as listing agreement a vigil mechanism has been adopted by the board of directors and accordingly a whistle blower policy has been formulated with a view to provide a mechanism for employees of the company to approach Internal Auditor or Chairman of the Audit Committee of the Company to report any grievance. A link to such policy is also provided in the website of the company. Compliances, rules & regulations as laid down by various statutory authorities has always been observed by the company since such change over both in letter as well as in spirit.

The Board has obtained certificates/disclosures from key management personnel confirming they do not have any material financial and commercial interest in transactions with the company at large.

## X Compliances

### a) Mandatory Requirements

The Company has fully complied with the applicable mandatory requirements of clause 49 of the listing agreement.

As required by the Securities & Exchange Board of India (SEBI) quarterly audit of the Company's share





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capital is being carried out by M/s Balraj Sharma & Associates, (CP No.:824, FCS: 1605) Company Secretaries with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The Auditors' Certificate in regard to the same is submitted to BSE Limited. A secretarial audit report for the year 2014-15 carried out by M/S Balraj Sharma & Associates, (CP No.:824, FCS: 1605), Company Secretaries is annexed to the Directors Report and forms a part of the Annual Report.

**b) Shareholders Rights**

The Company has fully complied with the applicable mandatory requirements of clause 49 of the listing agreement.

The quarterly and half-yearly financial results are published in widely circulated dailies and also displayed on Company's website www.udt ltd.com. Hence, these are not individually sent to the Shareholders.

**c) Audit Qualification:**

There are no Qualifications given in the Auditors' Report on Financial Accounts hence no need to deal with in Directors' Report. In present AGM, the financials for year ended 31.03.2014 & 31.03.2015 are being placed for adoption. The reason for same is already apprised to members in separate section in Directors report, hence is not been repeated for the sake of brevity.

**d) Separate posts of Chairman and CEO:**

The company does not have a CEO and therefore there are no separate posts.

**e) Reporting of Internal Auditor:**

The internal auditor reports to audit committee.

### **XI. PREVENTION OF INSIDER TRADING**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company.

### **XII. Compliance with Accounting Standards**

In the preparation of the financial statements, the Company has followed the Accounting Standards notified pursuant to Companies (Accounting Standards) Rules, 2014 (as amended) and the relevant provision of the Companies Act, 2013, issued by the Ministry of Corporate Affairs. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements

### **XIII. Means of Communication**

The Company regularly intimates information like quarterly financial results and media releases on significant developments in the Company. The financial results are normally published in Jan Satta (Hindi) and Financial Express (English), Annual Report containing inter-alia Audited Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report, Management Discussion & Analysis Report and Corporate Governance Report including information for the Shareholders and other important information is circulated to the members and others entitled thereto.

### **XIV. Share Transfer Mechanism**

The share transfers received in physical form are processed through Registrar and Share Transfer Agent (RTA), within 15 days from the date of receipt, subject to the documents being valid and complete in all respects. The share certificates duly endorsed are returned immediately to the shareholders by RTA within one month as required by the section 56 of the companies Act, 2013. Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, Certificate on half – yearly basis confirming due compliance of share transfer formalities by the Company, certificates for

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timely dematerialization of the shares as per SEBI (Depositories and Participants) Regulations, 1996 and a Secretarial Audit Report for reconciliation of the share capital of the Company obtained from a practicing Company Secretary have been submitted to The Bombay stock exchange within stipulated time.

## **XV. CEO/CFO CERTIFICATION**

As required under Clause 49 IX of the listing agreement with the stock exchanges CFO of the Company certify to the Board that:

- a) The financial statements and the Cash Flow Statement for the year have been reviewed and to the best of his knowledge and belief:
  - (i) these statements do not contain any untrue statement of material fact, have not omitted any material fact and do not contain any statement that is misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards applicable laws and regulations.
- b) To the best of his knowledge and belief no transactions entered into by the company during the year are fraudulent, illegal or violate the Company's code of conduct.
- c) He accepts responsibility for establishing and maintaining internal controls for financial reporting and that he has evaluated the effectiveness of internal control systems of the company pertaining to financial reporting.
- d) He has indicated to the auditors and the Audit Committee:
  - i) Significant changes in the internal control over financial reporting during the year
  - ii) Significant changes in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
  - iii) There have been no instances of significant fraud either by the management or an employee having a significant role in the Company's internal control system of financial reporting.

## **GENERAL SHAREHOLDERS INFORMATION**

### **a) Annual General Meeting**

Date : 14th September, 2015

Time : 11.00 A.M

Venue : Maharani Bagh Community Centre  
1 Central Avenue Maharani Bagh New Delhi-110025

### **b) Book Closure dates**

From 07th September 2015 to 14th September, 2015 (Both Days Inclusive).



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**c) Stock Market Data:-**  
Bombay Stock Exchange Ltd.

Months	High (₹)	Low (₹)	Close (₹)	No of shares traded	No of trade	Sensex Closing
April-14	32	24.95	32	9508	124	22, 417.80
May-14	33.6	26.2	30.05	13374	188	24, 217.34
June-14	61.9	31.55	61.8	94026	869	25, 413.78
July-14	93.05	60.6	8707	29377	421	25, 894.97
August-14	85.95	60.5	60.5	26779	412	26, 638.11
September-14	71.7	53.75	69.95	44968	596	26, 630.51
October-14	69.95	55.35	66.2	23852	510	27, 865.83
November-14	70	51.3	55.55	19530	546	28, 693.99
December-14	60	38.4	41	9637	337	27, 499.42
January-15	78.75	38.95	69.95	47244	701	29, 182.95
February-15	76.35	67	72.5	33629	265	29, 361.50
March-15	158.55	73.95	158.55	96992	1165	27, 957.49

**PHYSICAL/NSDL/CDSL/SUMMARY REPORT AS ON 31ST MARCH, 2015**

Particulars	Shares	Percentage (%)
Physical	23, 28, 976	22.77
NSDL	1, 58, 343	1.55
CDSL	77, 41, 094	75.68
Total	1, 02, 28, 413	100

**d) Address of Correspondence:-**

Share holders may contact:-

**Mr. P.K. Ojha**

Company Secretary

A-22, Phase-II, Noida-201305

Phone: +91-0120-4842400, Fax No.:- +91-0120-2462675, E-mail Id:-compsect@udtltd.com

**TO WHOMSOEVER IT MAY CONCERN**

I, Pramod Kumar Gupta, the Managing Director of the Company, do hereby declare that all the Board Members and Senior Management personnel of the Company have affirmed their compliance on an annual basis with the Code of Conduct as laid down by the Company pursuant to the requirements of Clause 49 of the Listing Agreements with the Stock Exchanges.

**Regd. Office:**

B-94, Shashi Garden  
Patparganj, Delhi-110091  
Dated: 08.08.2015

By Order of the Board of Directors  
sd/-

**(PRAMOD KUMAR GUPTA)**  
CHAIRMAN & MANAGING DIRECTOR  
DIN: 00619482

# UNITED DRILLING TOOLS LTD

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## ANNEXURE TO DIRECTOR'S REPORT

### ANNEXURE-I

#### Secretarial Audit Report

For the Financial Year Ended March 31st, 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

To,  
The Members,  
United Drilling Tools Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by UNITED DRILLING TOOLS LIMITED, a company registered under the Companies Act, 1956, having its registered office at B-94, Shashi Garden, Patpar Ganj Delhi-110091 (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our examination and verification of the Company's books, papers, minute books, forms and returns filed and other registers and records as maintained by the Company and also the information and explanation provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on March 31, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) Securities Contract (Regulation) Act, 1956 and the rules made thereunder;
- (iii) Depositories Act, 1996 ;
- (iv) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT');
- (v) SEBI (Registrar to an Issue and Share Transfer Agents) Regulations, 1993;
- (vi) The Listing Agreement entered into by the Company with the concerned Stock Exchanges.

We report that, we have checked the compliance management system of the Company to obtain reasonable assurance about the adequacy of system in place to ensure compliance of applicable laws, rules, regulations and guidelines and its verification was done on test check basis. We believe that the audit evidence which have been obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to explanations given to us, we believe that there are adequate systems and processes in the Company commensurate with the size and operations of the Company and the nature of its business to monitor and ensure compliance of laws specifically applicable to the Company, including other applicable general laws like labour laws and environmental laws applicable to the Company, although it requires further strengthening.

We report further that, according to the information and explanations given to us and records examined by us, the Company has generally been regular in depositing statutory dues and filing returns with the appropriate authorities in respect of PF, ESI, Income Tax, VAT and Service Tax etc. and other statutory dues although there has been delay in some cases.

We further report that the compliance by the Company of applicable financial laws like Direct and Indirect Tax Laws has not been reviewed in this Audit, since the same has been subject to review by Statutory Auditors and other designated professionals.

We report further that, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.



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Adequate notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. The Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

We further report that, there are adequate systems and processes to ensure compliance with applicable laws, rules, regulations and guidelines particularly for labour laws and environmental laws as prima facie the records have been made and maintained by the Company. We have not however made a detailed examination of the same with the view to determine whether they are accurate or complete.

We report further that during the financial year ended 31st March, 2015, the company has presented a Scheme of Amalgamation seeking concurrence from the Hon'ble Delhi High Court for amalgamation of the Company with Macro Steel Engineers Pvt. Ltd. The Hon'ble High Court of Delhi via its order dated 1st May, 2014 has sanctioned the said Scheme and accordingly the transferor Company stands amalgamated.

We further report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, guidelines, Standards, etc. mentioned above except to the extent as mentioned below:

During our course of Audit, it was observed that the Company has not filed the e-form 23AC and 23ACA for the financial year ended 31st March, 2014, since the statutory audit has not been concluded, hence the legal compliances under Companies Act, 1956 and Companies Act, 2013 have not been complied with. However, the Company has filed e-form MGT-14 for disclosure of interest by the Director u/s 184(1) of the Companies Act, 2013, e-form ADT-1 for appointment of Auditors, e-form CHG-1 for the creation of charge and e-form MGT-10 for the disclosure of holding of promoters group for the financial year 2014-15 beyond the statutory time period as prescribed under the Companies Act, 2013.

We further report that during the Audit period, the Company has received show cause notices from the Office of the Registrar of Companies, NCT of Delhi & Haryana, New Delhi under Section 143(2) of the Companies Act, 2013 which is under process and a notice from Securities & Exchange Board of India under Rule 4(3) of SEBI (Procedure for holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 which has been resolved as per the explanations and informations provided to us by the Company after imposing the penalty of Rs. 2 lakhs.

We report further that the Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) were not applicable to the Company during the period under review.

We also report that-

1. Maintenance of Secretarial Records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test check basis to ensure that correct facts are reflected in Secretarial Records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test check basis.
5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Balraj Sharma & Associates  
Company Secretaries

SD/-

**Balraj Sharma**

(Proprietor)

FCS No. : 1605, C P No. : 824

Date: 08th August, 2015

Place: New Delhi

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## Annexure-II

### CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To  
The Members of  
**United Drilling Tools Limited**

1. We have examined the compliance of conditions of Corporate Governance by United Drilling Tools Limited ("the company") for the year ended on 31st March, 2014 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchange.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the Clause-49 of the above mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For R S Dani & CO.  
Chartered Accountants  
(F R N.: 000243C)

Sd/-

**CA Ashok Mangal**  
Partner  
(Membership No.: 071714)

Place: New Delhi  
Date: 30/03/2015



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The Members of  
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2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the Clause -49 of the above mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For R S Dani & CO.  
Chartered Accountants  
(F R N.: 000243C)

Sd/-

**CA Ashok Mangal**  
Partner  
(Membership No.: 071714)

Place: New Delhi

Date: 22/05/2015

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## INDEPENDENT AUDITOR'S REPORT

To,  
The Members,  
United Drilling Tools Ltd.

### (Report on the Financial Statements)

We have audited the accompanying financial statements of **United Drilling Tools Ltd. ("the Company")**, which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that given a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal financial control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of the Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act 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 March 31, 2014;
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows of Company for the year ended on that date.





## UNITED DRILLING TOOLS LTD

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### Emphasis of Matter

We draw attention to point B6 of Note 24 to the financial statement which, describe the scheme of amalgamation and its effect given in the financial statements.

Our opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

- (i) As required by the Companies (Auditor's Report) Order, 2003 (the order), issued by the Central government of India in the terms of section 227 (4A) of the Act, we give in the Annexure a statement on the matters specified in Paragraph 4 & 5 of the order.
- (ii) As required by Section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit and Loss and, Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the balance sheet, the statement of Profit & Loss and the Cash Flow statement comply with the Accounting Standards notified under the act read with general circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
  - e) On the basis of written representations received from the Directors as on March 31, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014, from being appointed as a Director in terms of Section 274(1)(g) of the Act.

For **R.S. DANI & CO.**  
Chartered Accountants  
(Firm Reg. No. 000243C)

**Ashok Mangal**  
Partner  
M.No. 071714

Place: NOIDA  
Date: 22nd May, 2015

# UNITED DRILLING TOOLS LTD

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## ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

Referred to in our paragraph 1 under the heading of 'Report on other Legal and Regulatory Requirements' of our report of even date.

1. In respect of its fixed assets.
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - (b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - (c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories:
  - (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanations given to us, 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.
  - (c) The Company has maintained proper records inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
3. In respect of the loans, secured or unsecured, granted or taken by the company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
  - (a) The Company has not given any loan during the year to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of Clauses (iii) (b)(iii) c and (iii) d of paragraph 4 of the Order are not applicable.
  - (e) The Company has taken loans during the year from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

S.No.	Name of Party	Relationship with company	Maximum Amount Outstanding	Year end Balance
1	Dr. Kanal Gupta	Mg. Director's relative	205324/-	NIL
2	Neha Gupta	Mg. Director's relative	513313/-	NIL

- f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans taken by the Company, are not prima facie prejudicial to the interest of the Company.
  - g) In respect of the said loans and interest thereon, there are no overdue amounts.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.
  5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
    - (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
    - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts / arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000 in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.



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6. According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. In respect of statutory dues:  
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, Service Tax, Customs Duty, Excise Duty, Cess, and other material statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2014 for a period of more than six months from the date of becoming payable.
10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders. 12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. In our opinion and according to information and explanations given to us, the Company is not a dealer or trader in shares, securities, debenture and other investments.
15. The company has not given any guarantee for loans taken by others from the bank or financial institutions.
16. The company has not raised any new term loans during the year.
17. 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.
18. The Company has not made any new and preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956. However as per order of High Court, equity shares are yet to be issued to the share holders of amalgamated company (see point 86 of Note 24 of financial statements) which includes allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. During the period covered by our audit report, the company has not issued any debentures.
20. The Company has not raised any monies by way of public issues during the year.
21. In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

**For R. S. DANI & CO.**  
Chartered Accountants  
(Firm Reg. No. 000243C)

**Ashok Mangal**  
Partner  
M. No. 071714

Place: NOIDA  
Date: 22nd May, 2015

# UNITED DRILLING TOOLS LTD

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## BALANCE SHEET AS AT 31ST MARCH, 2014

(₹)

S. No.	Particulars	Note No.	Figures as at 31.3.2014	Figures as at 31.3.2013
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>			
(1)	<b>Shareholder's Funds</b>			
(a)	Share Capital	1	153,680,835	153,680,835
(b)	Reserves and Surplus	2	365,774,299	172,415,335
(2)	<b>Shares to be Issued in pursuant to the Scheme of Amalgamation</b>	3	48,222,220	-
(3)	<b>Non-Current Liabilities</b>			
(a)	Long-Term Borrowings	4	60,365,301	21,008,018
(b)	Deferred Tax Liabilities (net)	5	10,835,043	1,546,058
(c)	Long Term Provisions	6	1,349,325	969,287
(4)	<b>Current Liabilities</b>			
(a)	Short-Term Borrowings	7	36,043,703	60,036,138
(b)	Trade Payables		37,335,739	67,934,638
(c)	Other Current Liabilities	8	110,795,597	78,802,657
(d)	Short-Term Provisions	9	8,092,135	9,258,586
	<b>Total Equity &amp; Liabilities</b>		<b>832,494,197</b>	<b>565,651,552</b>
<b>II.</b>	<b>ASSETS</b>			
(1)	<b>Non-Current Assets</b>			
(a)	Fixed Assets	10		
(i)	Tangible Assets		116,137,466	19,884,286
(ii)	Intangible Assets (including under development)		453,999,343	256,370,800
(iii)	Capital Work in Process		27,877,999	61,326,829
(b)	Long term loans and advances	11	3,201,555	322,920
(2)	<b>Current Assets</b>			
(a)	Inventories	12	62,584,336	84,226,141
(b)	Trade receivables	13	22,197,929	87,857,256
(c)	Cash and cash equivalents	14	88,750,359	14,002,367
(d)	Short-term loans and advances	15	57,745,210	41,660,953
	<b>Total Assets</b>		<b>832,494,197</b>	<b>565,651,552</b>
	<b>Significant Accounting Policies and Notes on Financial Statement</b>	24		

In terms of our report of even date attached.

For R S Dani & Co.  
Chartered Accountants  
(FRN 000243C)

Ashok Mangal  
Partner  
M.No. 071714

Place : Delhi  
Date : 30/03/2015

For United Drilling Tools Ltd.

Pramod Kumar Gupta  
Managing Director

V.B. Mishra  
Director

U.S.Pandey  
Director

P K Ojha  
Company Secretary

S.S.K. Bhagat  
Director

K.D.Aggarwal  
Director

S S Manral  
CFO



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## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2014

(₹)

S. No.	Particulars	Note No.	Figures for the year ended on 31.3.2014	Figures for the year ended on 31.3.2013
I.	Revenue from operations	16	662,060,247	446,928,885
II.	Other Income	17	11,149,593	1,578,006
III.	Total Revenue (I +II)		673,209,840	448,506,891
IV.	<b>Expenses:</b>			
	Cost of Materials Consumed	18	487,800,407	381,188,280
	Changes in Inventories of Finished goods, Work-in-Progress and Stock-in-Trade	19	15,470,282	(16,735,341)
	Employee Benefit Expense	20	22,236,466	14,864,381
	Financial Costs	21	6,229,741	7,360,308
	Other Expenses	22	85,185,234	44,680,461
	<b>IV. Total Expenses</b>		<b>616,922,130</b>	<b>431,358,089</b>
	Profit before Dep.,exceptional and extraordinary items and tax		56,287,710	17,148,802
	Depreciation and Amortization Expense	10	32,129,183	3,227,494
			24,158,527	13,921,308
V	Profit before exceptional and extraordinary items and tax	(III - IV)		
VI	Exceptional Items		-	-
VII	Profit before extraordinary items and tax (V-VI)		24,158,527	13,921,308
VIII	Extraordinary Items		-	-
IX	Profit before tax (VII - VIII)		24,158,527	13,921,308
X	<b>Tax Expense:</b>			
	(1) Current tax MAT		4,874,000	4,762,000
	(2) Deferred tax		7,539,693	(115,794)
	(3) For earlier period		-	404,435
	(4) Less: MAT Credit available		(4,874,000)	
XI	<b>Profit(Loss) for the period</b>	(IX-X)	<b>16,618,834</b>	<b>8,870,667</b>
XII	<b>Earning per equity share:</b>	23		
	(1) Basic		3.07	1.64
	(2) Diluted		2.13	2.70
	<b>Significant Accounting Policies and Notes on Financial Statement</b>	24		

In terms of our report of even date attached.

For R S Dani & Co.  
Chartered Accountants  
(FRN 000243C)

Ashok Mangal  
Partner  
M.No. 071714

Place : Delhi  
Date : 30/03/2015

For United Drilling Tools Ltd.

Pramod Kumar Gupta  
Managing Director

V.B. Mishra  
Director

U.S.Pandey  
Director

P K Ojha  
Company Secretary

S.S.K. Bhagat  
Director

K.D.Aggarwal  
Director

S S Manral  
CFO

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## CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st March, 2014

(₹)

Particulars	Figures as at 31.3.2014	Figures as at 31.3.2013
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before Tax	24,158,527	13,921,308
<b>Items Adjustment for:</b>		
Depreciation	32,129,183	3,227,494
<b>Operating profit Before Change in working capital</b>	<b>56,287,710</b>	<b>17,148,802</b>
<b>Adjustment for:</b>		
Trade & Other Receivable	65,659,327	(71,059,630)
Inventories	21,641,805	(32,097,888)
Loans & Advances	(18,962,892)	(18,694,234)
Trade Payable & others	1,774,079	45,938,677
<b>Cash Generated from operations</b>	<b>126,400,029</b>	<b>(58,764,273)</b>
Less : Direct Taxes paid	1,166,451	404,438
Cash flow before Extra Ordinary Items	125,233,578	(59,168,711)
Less : Profit/(Loss) on Sale of Fixed Assets	-	(458,869)
<b>Net cash flow from operating activities</b>	<b>125,233,578</b>	<b>(58,709,842)</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase/Transfer of fixed Assets	292,562,076	30,250,613
Sales of fixed Assets	-	67,543
Encashment of Investment		
<b>Net cash used in investing activities</b>	<b>292,562,076</b>	<b>30,183,070</b>
<b>CASH FLOW FROM FINANCE ACTIVITIES</b>		
Proceeds from Banks, Financial Institution Secured Loans	(23,992,435)	16,846,823
Unsecured Loans	39,357,283	72,322,655
Proceeds from share Capital to be Issued	48,222,220	
Capital Reserve & Surplus (Effect of merger of MSEPL)	176,740,130	
Increase in Deferred Tax (Effect of merger of MSEPL)	1,749,292	
<b>Net Cash Flow from Financing Activities</b>	<b>242,076,490</b>	<b>89,169,478</b>
Net increase in cash and equivalents	74,747,992	276,566
Cash and Cash Equivalents as at 1.4.2013 (Op. Bal.)	14,002,367	13,725,801
<b>Cash and Cash Equivalents as at 31.3.2014(Clo.Bal.)</b>	<b>88,750,359</b>	<b>14,002,367</b>



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**Notes :** 1) The figures in the bracket indicates outflow.

- 2) The scheme of amalgamation does not involve any cash outflow since the consideration to the shareholders of the transferor company were through issue of the equity shares.  
(refer point B6 of Note 24)

### **In terms of our report of even date attached.**

For **R S Dani & Co.**  
**Chartered Accountants**  
(FRN 000243C)

**Ashok Mangal**  
Partner  
M.No. 071714

Place : Delhi  
Date : 30/03/2015

### **For United Drilling Tools Ltd.**

Pramod Kumar Gupta  
Managing Director

V.B. Mishra  
Director

U.S.Pandey  
Director

P K Ojha  
Company Secretary

S.S.K. Bhagat  
Director

K.D.Aggarwal  
Director

S S Manral  
CFO

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## NOTES ON BALANCE SHEET as at 31st March, 2014

### Note 1) Share Capital

(₹)

S.No.	Particulars	Current Year	Previous Year
1	<b>AUTHORIZED CAPITAL</b>		
	36988330 Equity Shares of ₹10/- each. (Prev. Year 1,49,88,330 Equity Shares of ₹10/- each) (Increase of 22000000 Equity shares on mergers of Macro Steel Engineers Pvt. Ltd.) (Refer point B6 of Note 22)	<b>369,883,300</b>	149,883,300
	1,00,11,67 12% Cumulative compulsory redeemable Pref. Shares of ₹100/- each. (Previous Year 10,01,167 Shares)	<b>100,116,700</b>	100,116,700
		<b>470,000,000</b>	<b>250,000,000</b>
2	<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>		
	<b>Equity Shares</b>		
	54,06,191 (Pre.Yr. 54,06,191) Equity Shares of ₹10/- each, Fully Paid up Equity Shares	54,061,910	54,061,910
	Less : Calls in Arrears	497,775	497,775
	<b>Total</b>	<b>53,564,135</b>	<b>53,564,135</b>
	1,00,11,67 12% Cumulative compulsory redeemable Pref. Shares of ₹100/- each. (Previous Year NIL)	100,116,700	100,116,700
	<b>Total</b>	<b>153,680,835</b>	<b>153,680,835</b>

1.1	Reconciliation of the number of share outstanding	Current Year	Previous Year
	Equity Shares		
	Opening	5,406,191	1,967,400
	Issued During the year	-	3,438,791
	<b>Closing</b>	<b>5,406,191</b>	<b>5,406,191</b>
	Preferential Shares		
	Opening	1,001,167	-
	Issued During the year		1,001,167
	<b>Closing</b>	<b>1,001,167</b>	<b>1,001,167</b>





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## NOTES ON BALANCE SHEET as at 31st March, 2014

1.2	DETAILS OF SHARE HOLDING (MORE THAN 5%) (Given for only Issued & Subscribed Capital)	31/03/2014		31/03/2013	
S. No.	Name Of the party	No. of Shares	% of Holding	No. of Shares	% of Holding
<b>Equity Shares</b>					
1	Pramod Kumar Gupta	3,823,567	70.74	3,823,567	70.74
<b>Preferential Shares</b>					
1	Pramod Kumar Gupta	950,475	94.94	950,475	94.94
2	Dr. Kanal Gupta	50,689	5.06	50,689	5.06

### 1.3 Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.

1.4	Aggregate number of Bonus shares issued and shares issued for consideration other than cash during the last five years	No. of Shares issued in Financial Year ended on	
		31.03.2014	30.03.2013
	Equity shares Issued on Amalgamation of P & K Hightech Systems Pvt. Ltd.	-	3,438,791
<b>Preferential Shares</b>			
	Preference Shares Issued on Amalgamation of P & K Hightech Systems Pvt. Ltd.	-	1,001,167

### Note 2) Reserve & Surplus

Sr. No.	Particulars	Current Year	Previous Year
<b>1</b>	<b>Capital Reserve</b>		
	As per last Balance Sheet	9,526,616	9,526,616
	Add: Pursuant to Scheme of Amalgamation (Refer point B6 of Note 24)	168,777,780	
		<b>178,304,396</b>	<b>9,526,616</b>
<b>2</b>	<b>Securities Premium Reserve</b>		
	As per last Balance Sheet	124,868,190	124,868,190
		<b>124,868,190</b>	<b>124,868,190</b>
<b>3</b>	<b>General Reserve</b>		
	As per last Balance Sheet	809,335	809,335
		<b>809,335</b>	<b>809,335</b>

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## NOTES ON BALANCE SHEET as at 31st March, 2014

Sr. No.	Particulars	Current Year	Previous Year
<b>4</b>	<b>Profit &amp; Loss Account</b>		
	As per last Balance Sheet	37,211,194	28,340,527
	Add: Profit for the period	16,618,834	8,870,667
	Add: Pursuant to Scheme of Amalgamation (Refer point B6 of Note 24)	7,962,350	
		<b>61,792,378</b>	37,211,194
	<b>TOTAL</b>	<b>365,774,299</b>	172,415,335

### Note 3) Shares to be Issued in pursuant to the Scheme of Amalgamation (Refer point B 6 of Note 24)

<b>1</b>	<b>Equity shares to be Issued - on Amalgamation of Macro Steel Engineers Pvt. Ltd.</b>		
	48,22,222 (Pre.Yr. NIL) Equity Shares of ₹10/- each, Fully Paid up Equity Shares	<b>48,222,220</b>	
	<b>TOTAL</b>	<b>48,222,220</b>	-

### Note 4) Long Term Borrowings

<b>1</b>	<b>Secured Loans</b>		
	Vehicle Loans from Banks	57,645/-	
	Less: Current Maturity	57,645/-	
<b>3</b>	<b>Unsecured Loans</b>		
	From Corporate bodies	<b>58,432,016</b>	18,356,096
		<b>1,933,285</b>	2,651,922
	<b>TOTAL</b>	<b>60,365,301</b>	21,008,018

4.1 The Secured Loan of ₹57,645/- is secured by way of hypothecation of vehicles and payable in variable installments in next one years, applicabe rate of interest 12%)



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### NOTES ON BALANCE SHEET as at 31st March, 2014

#### Note 5) Deferred Tax Liabilities (Net)

Sr. No.	Particulars	Current Year	Previous Year
4	<b>Deferred tax liability</b> on difference between book depreciation and tax depreciation	11,242,440	1,845,558
	<b>Deferred Tax Assets</b> employee benefit provisions	407,397	299,500
	Deferred tax liabilities (net)	<b>10,835,043</b>	<b>1,546,058</b>

1) Refer point no. B.4 of Note 24.

#### Note 6) Long Term Provisions

1	<b>Provision for employees benefit</b>	1,349,325	969,287
	<b>Total</b>	<b>1,349,325</b>	<b>969,287</b>

#### Note 7) Short Term Borrowings

Sr. No.	Particulars	Current Year	Previous Year
1	<b>Secured</b> Working Capital Loan from Bank	36,043,703	60,036,138
	<b>Total</b>	<b>36,043,703</b>	<b>60,036,138</b>

5.1 The Working Capital loan repayable on demand from bank in respect of cash credit is secured by hypothecation of all present and future Plant & Machinery, Furniture and Fixture, Vehicle, Inventories, Book Debts and all movable assets of the company. It is also secured by personal guarantee of Managing Director. Applicable rate of interest 12.75%)

5.2 The has not defaulted in the repayments of loans and interest as at balance sheet date.

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## NOTES ON BALANCE SHEET as at 31st March, 2014

### Note 8) Other Current Liabilities

Sr. No.	Particulars	Current Year	Previous Year
1	Current Maturity of Term Loans	57,645	394,472
2	Liabilities for Expenses	23,826,255	15,331,150
3	Advances from Customers	85,017,101	61,947,623
4	Outstanding Liabilities	1,894,596	1,129,412
	<b>Total</b>	<b>110,795,597</b>	<b>78,802,657</b>

### Note 9) Short Term Provisions

1	<b>Provision for Taxation</b>	8,092,135	9,258,586
	<b>Total</b>	<b>8,092,135</b>	<b>9,258,586</b>

### Note 11) Long Term Loans and Advances

Sr. No.	Particulars	Current Year	Previous Year
1	Capital Assets	-	-
2	Security Deposit		
	a) Unsecured, Considered Good : Other Deposit	3,201,555	322,920
	<b>Total</b>	<b>3,201,555</b>	<b>322,920</b>

### Note 12) Inventories

Sr. No.	Particulars	Current Year	Previous Year
	(Values at cost or Market value whichever is lower)	-	-
1	Raw Material	32,910,518	45,165,014
	R M Stock Transferred on merger of MSEPL	403,543	
2	Work-in-Progress	22,567,101	37,934,477
	WIP Stock Transferred on merger of MSEPL	3,849,600	
3	Finished Goods	385,894	488,800
	FG Stock Transferred on merger of MSEPL	1,629,000	
4	Stores & Spares	763,874	637,850
	S&S Stock Transferred on merger of MSEPL	74,806	
	<b>Total</b>	<b>62,584,336</b>	<b>84,226,141</b>



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## NOTES ON BALANCE SHEET as at 31st March, 2014

### Note No. 10

Description of Fixed Assets	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As on 1.04.2013	Additions due to merger (1)	Addition During Year	Adjustment/ Deduction	As on 31.03.2014	As on 1.04.2013	Additions due to merger(1)	For the Year	Adjustment/ Deduction	As on 31.03.2014	As on 31.03.2014	As on 31.03.2013
<b>Tangible</b>												
Land (Leasehold)	1,028,100	5,663,898	-	-	6,691,998	-	-	-	-	-	6,691,998	1,028,100
Building	3,929,806	19,579,296	36,354,574	-	59,863,676	2,401,324	3,203,319	2,182,186	-	7,786,829	52,076,847	1,528,482
Plant & Machinery	15,905,031	5,662,031	12,010,106	-	33,567,168	6,862,405	787,418	1,766,371	-	9,436,194	24,130,974	9,042,626
Electric Fitting	720,343	2,288,735	2,557,517	-	5,546,595	519,078	463,521	334,308	-	1,316,907	4,229,688	201,265
Office Equipment	2,304,420	374,447	449,557	-	3,128,424	1,072,998	60,847	202,069	-	1,335,914	1,792,510	1,231,422
Testing & Equipment	127,476	-	311,710	-	439,186	121,900	-	10,819	-	132,719	306,467	5,576
Tools & Dies	4,405,727	301,644	1,699,319	-	6,406,690	2,619,736	43,208	286,875	-	2,949,819	3,456,871	1,785,991
Generator	1,499,310	-	1,010,000	-	2,509,310	908,776	-	97,924	-	1,006,700	1,502,610	590,534
Fire Fighting & Equipment	52,076	610,091	636,233	-	1,298,400	42,259	69,980	53,931	-	166,170	1,132,230	9,817
R&D Tech Equip P & M	2,270,165	1,972,953	12,958,400	-	17,201,518	821,676	374,862	621,248	-	1,817,786	15,383,732	1,448,489
Furniture & Fixture	1,374,253	108,394	1,345,370	-	2,828,007	1,006,979	29,109	175,122	-	1,211,210	1,616,797	367,274
Computer	805,787	390,156	193,860	-	1,389,803	750,298	194,891	70,577	-	1,015,766	374,037	55,489
Vehicles	10,302,424	2,126,243	3,895	-	12,432,562	7,713,203	605,981	670,673	-	8,989,857	3,442,705	2,589,221
<b>TOTAL</b>	<b>44,724,918</b>	<b>39,047,878</b>	<b>69,530,541</b>	-	<b>153,303,337</b>	<b>24,840,632</b>	<b>5,833,136</b>	<b>6,492,103</b>	-	<b>37,165,871</b>	<b>116,137,466</b>	<b>19,884,286</b>
Previous Year's Figures	50,942,921	3,457,233	44,724,918	9,675,236	44,724,918	30,761,961	-	3,227,494	9,148,823	24,840,632	19,884,286	20,180,960
<b>Intangible</b>												
Acquired on amalgamation												
Patented Technologies	256,370,800	219,510,125	-	-	475,880,925	-	-	25,637,080	-	25,637,080	450,243,845	256,370,800
Intangible Asset under development		2,376,636	1,378,862	-	3,755,498	-	-	-	-	-	3,755,498	-
<b>TOTAL</b>	<b>256,370,800</b>	<b>221,886,761</b>	<b>1,378,862</b>	-	<b>479,636,423</b>	-	-	<b>25,637,080</b>	-	<b>25,637,080</b>	<b>453,999,343</b>	<b>256,370,800</b>
Previous Year's Figures	256,370,800			256,370,800							256,370,800	256,370,800
(1) Refer Point B6 of Note 24.												
Capital WIP												
<b>TOTAL</b>	<b>61,326,829</b>	<b>3,990,251</b>	<b>37,438,081</b>	<b>27,877,999</b>	<b>27,877,999</b>						<b>27,877,999</b>	<b>61,326,829</b>

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## NOTES ON BALANCE SHEET as at 31st March, 2014

### Note 13) Trade Recievables

Sr. No.	Particulars	Current Year	Previous Year
1	<b>Unsecured, Considered Good :</b>		
	Outstanding for more than six months	-	1,990,736
	Others	22,197,929	85,866,520
	<b>Total</b>	<b>22,197,929</b>	<b>87,857,256</b>

### Note 14) Cash & Cash Equivalent

Sr. No.	Particulars	Current Year	Previous Year
1	<b>Cash at Bank</b>		
	In Current Account	52,820,141	470,741
	Fixed Deposit (lean with bank for Margin Money)	32,819,302	10,337,110
	Fixed Deposit (lean with bank)	3,000,000	3,000,000
2	<b>Cash-in-Hand</b>	-	
	Cash Balance	110,916	194,516
	<b>Total</b>	<b>88,750,359</b>	<b>14,002,367</b>

### Note 15) Short Terms Loans and Advances

Sr. No.	Particulars	Current Year	Previous Year
1	<b>Loans &amp; Advances to related parties</b>		
	a) Unsecured, Considered Good :	-	-
2	<b>Others</b>		
	(Advance Recoverable in cash or in kind or for value to be considered good)		
	Balance With Revenue Authorities	39,194,645	16,548,551
	Other Advance	18,550,565	25,112,402
	<b>Total</b>	<b>57,745,210</b>	<b>41,660,953</b>



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## Note 16) Revenue from Operations

Sr. No.	Particulars	Current Year	Previous Year
1	Sale of Products	625,536,714	446,536,918
2	Foreign Exchange Fluctuation	21,735,521	158,883
3	Consultancy & Engineering Services	14,788,012	233,084
	<b>Total</b>	<b>662,060,247</b>	<b>446,928,885</b>

## Note 17) Other Income

Sr. No.	Particulars	Current Year	Previous Year
1	Interest Received	3,951,176	1,319,135
2	Misc. Income and W/offes	7,028,417	258,871
3	Rent Received	170,000	-
	<b>Total</b>	<b>11,149,593</b>	<b>1,578,006</b>

## Note 18) Cost of Material Consumed

Particulars	Current Year	Previous Year
MATERIALS AND STORES		
Opening Stock	45,802,864	30,440,317
Add: Purchase (net of returns)	475,671,935	396,550,827
	521,474,799	426,991,144
Less: Closing stock	33,674,392	45,802,864
<b>MATERIAL CONSUMED</b>	<b>487,800,407</b>	<b>381,188,280</b>

## Note 19) Change in Inventories

Sr. No.	Particulars	Current Year	Previous Year
1	Opening Stock		
	Work-in- Progress	37,934,477	20,415,698
	Finish Goods	488,800	1,272,238
		38,423,277	21,687,936
2	Closing Stock		
	Work-in- Progress	22,567,101	37,934,477
	Finish Goods	385,894	488,800
		22,952,995	38,423,277
3	Change in Stock		
	Work-in- Progress	15,367,376	(17,518,779)
	Finish Goods	102,906	783,438
	<b>Total</b>	<b>15,470,282</b>	<b>(16,735,341)</b>

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## NOTES ON BALANCE SHEET as at 31st March, 2014

### Note 20) Employment Benefit Expenses

Sr. No.	Particulars	Current Year	Previous Year
1	Salary and Wages	17,112,180	10,503,736
2	P.F. and other benefits	1,372,607	798,987
3	Bonus	351,865	295,500
4	Gratuity	424,474	83,201
5	Employee Welfare	575,340	482,957
6	Director's Salary	2,400,000	2,700,000
	<b>Total</b>	<b>22,236,466</b>	<b>14,864,381</b>

### Note 21) Financial Cost

Sr. No.	Particulars	Current Year	Previous Year
1	Interest to Banks	2,068,750	4,717,274
2	Other Interest	1,311,363	994,523
3	Other Borrowing Costs	2,849,628	1,648,511
	<b>Total</b>	<b>6,229,741</b>	<b>7,360,308</b>

### Note 22) Other Expenses

Sr. No.	Particulars	Current Year	Previous Year
	(a) Manufacturing Expenses		
1	Power, Fuel & Water charges	5,121,403	2,989,857
2	Freight & Cartage	11,619,643	10,078,252
3	Security Service Charges	1,016,337	619,615
4	Testing & Painting Expenses	757,262	380,004
5	Job Charges paid	7,961,726	2,431,472
6	Repair & Maintenance		
	Plant & Machinery	1,187,858	761,448
	Building	1,831,602	143,952
	Others	1,498,035	1,132,487
	<b>TOTAL (a)</b>	<b>30,993,866</b>	<b>18,537,087</b>





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## NOTES ON BALANCE SHEET as at 31st March, 2014

Sr. No.	Particulars	Current Year	Previous Year
<b>(b) Administrative and Other Expenses</b>			
1	Printing & Stationary	888,388	540,586
2	Postage, Telegram & Telephones	1,016,480	949,289
3	Subscription & Membership Fees	58,118	51,478
4	Director's Sitting Fee	137,000	193,000
5	Rent, Rates & Taxes	2,021,400	799,315
6	Travelling Directors	1,754,407	1,179,187
	Others	1,537,791	1,355,046
7	Vehicle & Conveyance	2,939,087	2,943,809
8	Charity & Donation	168,100	106,500
9	LD Charges	10,973,840	124,181
10	Legal & Professional	1,918,855	493,787
11	Insurance Charges	960,840	1,425,967
12	Loss on sale of Fixed Assets	-	458,869
13	Lease Rent	228,666	-
14	Impairment of Stock & Stores	5,815,905	-
15	Audit Fees	200,000	30,000
16	Books & Periodicals	51,827	56,851
17	Miscellaneous Expenses	2,084,550	765,845
18	Registration & Filing Fee	447,793	1,028,440
	<b>TOTAL (b)</b>	<b>33,203,047</b>	<b>12,502,150</b>
<b>(c) Selling and Distribution Expenses</b>			
1	Sales Promotion	20,988,321	13,641,224
	<b>TOTAL (c)</b>	<b>20,988,321</b>	<b>13,641,224</b>
	<b>TOTAL (a + b + c)</b>	<b>85,185,234</b>	<b>44,680,461</b>

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## NOTES ON BALANCE SHEET as at 31st March, 2014

### Note 23) Earning Per Share (EPS)

Sr. No.	Particulars	Current Year	Previous Year
1	Net Profit after tax as per Statements of Profit and loss attributable to Equity shareholder	16,618,834	8,870,667
2	Weighted Average number of Equity Shares used as denominator for calculating EPS	5,406,191	5,406,191
3	Basic EPS	3.07	1.64
4	Diluted EPS	2.13	2.70
5	Face Value Per Equity Share	10	10
	<b>Total</b>	<b>22,236,466</b>	<b>14,864,381</b>

### Note 24

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS

### 24.A. SIGNIFICANT ACCOUNTING POLICIES

#### 1. BASIS OF PREPARATION

The financial statements have been prepared to comply in all material respect with the Notified Accounting Standards pursuant to Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company.

#### 2. USE OF ESTIMATES

The presentation of financial statements requires estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known/ materialized.

#### 3. REVENUE RECOGNITION

- Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.
- Sale of Goods - Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and is stated net of trade discount, returns and Sales Tax / VAT but includes Excise Duty.
- Interest - Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- Export Benefits / Incentives - Export entitlement under Duty Entitlement Pass Book ('DEPB') Scheme are recognised in the Profit & Loss Account when the right to receive credit as per terms of the scheme is established in respect of export made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.



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**NOTES ON BALANCE SHEET as at 31st March, 2014****4. EXPENDITURE**

Rebate, claims & settlement on goods sold are accounted for as and when these are ascertained with reasonable accuracy.

**5. FIXED ASSETS AND DEPRECIATION**

- a) Fixed Assets are stated at cost or as revalued, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets, if material, are also included in cost to the extent they relate to the period till such assets are ready to be put to use.
- b) Depreciation on Fixed Assets is provided on Written Down Value method at the rates specified in Schedule XIV to the Companies Act, 1956.

**6. INTANGIBLE ASSETS**

- a) The company has intangible assets acquired on amalgamation and company has continued to carry on research on the on going research of the amalgamating company.
- b) The intangible asset on which no further research is carrying on is amortized over a period of ten years, based on estimated useful life of the intangible asset.

**7. IMPAIRMENT OF ASSETS**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit & loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

**8. INVENTORIES**

- a) Inventories of Finished Goods, Work in progress, Raw materials, Packing materials and Stores & Spares are stated at lower of cost and net realisable value.
- b) Cost of Raw Materials, Packing Materials, Stores and Spares, Trading and other products are determined on weighted average basis and are net of Cenvat credit.
- c) Cost of Work in progress and Finished Goods is determined considering direct material cost and appropriate portion of manufacturing overheads based on normal operating capacity.
- d) Obsolete, slow moving and defective inventories are identified at the time of physical verification of inventories and where necessary, either written off or provision is made for such inventories.

**9. EMPLOYEE BENEFITS****a) Defined Contribution Plan:**

Employees benefits in the form of the Company's contribution to Provident Fund, Pension scheme, Superannuation Fund and Employees State Insurance is a defined contribution scheme and contributions are charged to the Profit & Loss Account of the year when the contribution to the respective fund is due.

**b) Defined Benefit Plan:**

Retirement benefits in the form of gratuity and leave encashment are considered as defined benefit obligations and are provided for on the basis of actuarial valuation as at the date of Balance Sheet.

**10. DEFERRED REVENUE EXPENDITURE**

Company do not recognize Deferred Revenue Expenditure.

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## NOTES ON BALANCE SHEET as at 31st March, 2014

### 11. FOREIGN CURRENCY TRANSACTIONS

#### a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### b) Conversion

Foreign currency monetary items are reported using the closing rate.

#### c) Exchange Difference

Any gain or loss on account of exchange difference arising either on the settlement or on reinstatement of foreign currency monetary items is recognised in the Profit & Loss account.

### 12. RESEARCH AND DEVELOPMENT

Equipment purchased for research and development is capitalised when commissioned and included in the gross block of fixed assets. Revenue expenditure on research and development related to development of intangible asset is charged to intangible assets under development and taken to intangible assets, till research is complete and the same is recognized as intangible assets ready for use. The other expenditure on R&D is charged to profit & loss account in the period in which it is incurred.

### 13. PRIOR PERIOD ADJUSTMENTS

Earlier year items, adjustment/Claims, arisen / settled / noted during the year are, if material in nature, are debited / credited to the prior period Expenses/Income or respective heads of account if not material in the nature.

### 14. INVESTMENTS

Investments that are readily realisable and intended to be held for not more than a year classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value. Long -term investments are stated at cost. Provision for diminution in the value of investments is made, if it is other than temporary.

### 15. BORROWING COST

Borrowing costs that are attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of such asset. A qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

### 16. TAXATION

a) Provision for Current Tax is made after considering benefits, exemptions and deductions available under the Income Tax Act, 1961.

b) Deferred tax is recognized subject to consideration of prudence, on timing differences, representing the difference between the taxable income/(loss) and accounting income/(loss) that originated in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

### 17. LEASES

Operating Lease: Lease rentals in respect of assets taken on operating leases are charged to the profit and loss account with reference to lease terms and other consideration.



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**NOTES ON BALANCE SHEET as at 31st March, 2014****18. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS'**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in notes. Contingent assets are neither recognised nor disclosed in the financial statements.

**19. SEGMENT REPORTING**

The accounting policies adopted by the company for segment reporting are in line with the accounting standard on Segmental Reporting.

**Primary Segments:**

Business Segment: The Company's operating business is in India only and accordingly there is only one business segment.

**Secondary Segments:**

Currency Segment: The analysis of currency segment is based on the basis of currency. The currency segments considered for disclosure are as follows:

- (a) Sales in Indian Currency
- (b) Sales in foreign currency

Segment Assets denotes for assets in Local Currency and in foreign currency .

**20. CASH FLOW STATEMENTS**

Cash-flow statements are prepared in accordance with "Indirect Method" as explained in the Accounting Standard on Cash Flow Statements (AS-3) notified under the Companies (Accounting Standards) Rules, 2006. The Cash flows from regular revenue generating, financing and investing activity of the company are segregated.

**21. EARNING PER SHARE**

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted Earning per Share, the net profit or loss for the period attributable to Equity Shareholders and the weighted average number of Shares outstanding during the period are adjusted for the effects of all dilutive potential Equity Shares.

**22. DERIVATIVE INSTRUMENTS**

As per announcement of Institute of Chartered Accountants of India, accounting for derivatives contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to Profit and Loss Account. Net Gain is ignored.

**24.B NOTES ON FINANCIAL STATEMENTS**

- 1) Contingent Liabilities not provided for :
  - i. Counter guarantees against Bank guarantees given by banks ₹6,95,59,178/- (Pr. Yr. ₹3,06,01,470/-).
  - ii. Bill discounted by bank ₹NIL (Pr. Yr. Nil)
- 2) (i) In the opinion of the Board the Current Assets, Loans and Advances are approximately of the value as stated in Financial Statements, if realized in the ordinary course of business.  
(ii) The provision for all known and determined liabilities is adequate and not in excess of the amount reasonably required.

# UNITED DRILLING TOOLS LTD

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## NOTES ON BALANCE SHEET as at 31st March, 2014

(iii) Balances of Debtors, Creditors and Loan and Advances are subject to confirmation.

(iv) Previous Year's figures has been regrouped and rearranged wherever necessary.

- 3) In note 18 purchases include ₹9,67,90,835/- (previous years ₹102,923,234/-) purchases of trading materials.
- 4) The Deferred Tax Assets/ Liabilities as on 31.3.2014 as shown in Note 5, comprise of following:

	Particulars	Current Year (₹)	Previous Year (₹)
A.	Deferred Tax Liability -Depreciation	94,93,148	18,45,558
	Deferred Tax Liability of (MSEPL)	17,49,292	
B.	Deferred Tax Assets	(4,07,397)	(2,99,500)
	Net Deferred Tax Liability/(Assets)	1,08,35,043	15,46,058

The deferred tax liability required at the year end is ₹1,08,35,043/-, the difference between opening liability and closing liability is charged to Profit & Loss a/c (liability) ₹75,39,693/- after adjustment of the effect of merger of MSEPL.

- 5) Preferential Share holders in their meeting held on 09-11-2013 has waived their right to claim the dividend on preferential share for the period from 1.4.2013 to 31.3.2014, i.e. for financial Year 2013-14. Therefore provision for dividend on preferential shares for the year has not been made and dividend not declared.

### 6) Scheme of Amalgamation

- I. A Scheme of Amalgamation was framed under the provisions of sections 391 and 394 of the Companies Act, 1956, and other applicable provisions, if any, for amalgamation of Macro Steel Engineers Pvt. Ltd. (MSEPL) (the Transferor Company) with United Drilling Tools Ltd (the Transferee Company).
- II. Salient features of the Scheme of Amalgamation are as follows:
- All assets and liabilities including Income Tax and all other statutory liabilities, if any, of the Transferor Company will be transferred to and vest in the Transferee Company.
  - All the employees of the Transferor Company in service on the Effective Date, if any, shall become the employees of the Transferee Company on and from such date without any break or interruption in service and upon terms and conditions not less favorable than those subsisting in the Transferor Company on the said date.
  - Appointed Date for amalgamation is 1st Oct. 2013.
  - The Transferee Company will issue 2 (Two) Equity Shares of ₹10 each, credited as fully paid-up, of the Transferee Company – United Drilling Tools Ltd. for every 9 (nine) Equity Shares of ₹10 each held in the Transferor Company- Macro Steel Engineers Pvt. Ltd.
  - Any fraction of share arising out of the aforesaid share exchange process, if any, will be rounded off to nearest whole number.
- III. The aforesaid Scheme of Amalgamation was approved by the Hon'ble High Court of Delhi vide its order dated 1st May, 2014 and revised 25th Day of November 2014. The Scheme became effective on 25th July, 2014, being the date of filing of the High Court Order with the ROC. Since the Scheme is operative from the Appointed Date, 1st Oct., 2013, effect of the scheme of merger has been given in the present audited accounts of financial year 2013-14. Accordingly, the present audited accounts has been made incorporating the year end balance i.e. balances as on 31.3.2014 of transferor company MSEPL in the Balance Sheet of the Transferee Company including the balances of profit & loss a/c and reserves.

**NOTES ON BALANCE SHEET as at 31st March, 2014**

- IV. The Transferee Company is engaged in manufacturing of drilling tools and equipments for oil drilling & exploration industry and other related activities. Whereas, prior to the Scheme of Amalgamation, the Transferor Company was engaged in manufacturing and Research & Development of Slickline and electricline units, wire line winches and components of high tech equipments for oil drilling & exploration and production industry .
- V. In terms of the Scheme of Amalgamation, the Transferee Company will issue 48,22,222 Equity Shares of ₹10 each, credited as fully paid-up, to the Shareholders of the Transferor Company, in exchange of 100% Equity Share Capital of the Transferor Company after cancellation of cross holding, if any, which is Nil.
- The aforesaid Shares to be issued by the Transferee Company have been disclosed under the head "Shares to be issued pursuant to the Scheme of Amalgamation" in the Balance Sheet.
- VI. Amalgamation of Transferor Company with the Transferee Company has been accounted for under the Pooling of Interests Method as per Accounting Standard-14 (AS-14) as prescribed under the Companies (Accounting Standards) Rules, 2006. Accordingly, all the assets, liabilities and reserves of each of the Transferor Company have been recorded in the Company's books at their existing carrying amounts and in the same form. Inter-company balances, if any, stand cancelled.
- VII. The following accounting treatment has been given to some of the issues pertaining to the Scheme:
- Deficit of ₹16,87,77,780 arising out of amalgamation being difference between pre-merger paid up Share Capital of the Transferor Company and paid-up value of new Equity to be issued by the Transferee Company on amalgamation, has been adjusted in the Capital Reserve Account in the books of the Transferee Company.

**7) Employee Benefit Obligations****a) Defined Contribution Plan**

The Company makes contributions towards Employees Provident Fund and Family Pension Fund for qualifying employees. The Fund is operated by the Regional Provident Fund Commissioner. The amount of contribution is recognized as expense for defined contribution plans. The contribution of PF is ₹11,03,820/- (Pre. Yr. ₹5,87,326/-)

**b) Defined Benefit Plan**

The Company make payment to vested employees at retirement, death while in employment or on termination of an amount equivalent to 15 days salary (last drawn salary) payable for each completed year of service or part thereof in excess of six months as per provisions of Payment of Gratuity Act, 1972. Vesting occurs upon completion of five years of service. The Gratuity liability is provided in the books amounting to ₹11,09,917/- (Previous Year ₹8,14,657/-) on actuarial liability basis as on the date of balance sheet. It is non funded.

**c) Other Long Term Employee Benefits**

Liability of Leave Encashment is provided in the books of account amounting to ₹1,45,736/- (Previous Year ₹1,54,630/-) on actual calculation basis as on balance sheet date. It is non funded.

- 8) The figures for the previous year have been regrouped and rearranged wherever found necessary to make them comparable with those of current year.
- 9) (i) The company has not provided depreciation on Intangible Assets acquired on amalgamation of MSEPL for which company is doing further research to adapt the technology in enhanced recovery of oil from low performing oil well globally.
- (ii) The provision for taxation has been made after considering the benefits available to EOU and SEZ units under Income Tax Act.

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## NOTES ON BALANCE SHEET as at 31st March, 2014

### 10) Financial Derivative Instruments

The Company don't uses Forward Exchange Contracts to hedge its exposure in foreign currency. The information on derivative instruments is as follows:

	Particular	31.03.2014		31.03.2013	
		Amount in Foreign Currency	Amount in ₹	Amount in Foreign Currency	Amount in ₹
A	Forward Exchange Contracts outstanding as at currency				
	USD/INR (Sale)	-		-	
	EURO/INR (Sale)	-		-	
	USD/INR (Purchase)	-		-	
B	Foreign currency exposure not covered by derivative instrument				
	1. Amount receivable on account of export of goods and services:				
	USD	97,600	58,60,880	14,29,050	7,72,69,089
	Euro				

### 11. DISCLOSURES UNDER ACCOUNTING STANDARDS

#### (A) SEGMENT REPORTING

##### (a) Primary Segment Reporting

- The Company is engaged in only one business segment hence no segment reporting required.
- Secondary Segment reporting on the basis of Local Currency and Foreign Currency segments as below:

Particulars	2013-14	2012-13
1. Segment Revenue		
- Revenue in Local Currency	10,32,29,952	10,55,19,691
- Revenue in Foreign Currency	52,23,06,762	34,10,17,227
<b>Total Revenue</b>	<b>62,55,36,714</b>	<b>44,65,36,918</b>
2. Segment Assets*		
- Assets in Local Currency	82,66,33,317	48,83,82,463
- Assets in Foreign Currency	58,60,880	7,72,69,089
<b>Total Assets</b>	<b>83,24,94,197</b>	<b>56,56,51,552</b>

\*Segment Assets in Foreign Currency is entirely related to Sundry Debtors





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## NOTES ON BALANCE SHEET as at 31st March, 2014

### (B) RELATED PARTY DISCLOSURES

Transactions with related party as identified by the management in accordance with Accounting Standard 18 "Related Party Disclosures" issued by The Institute of Chartered Accountants of India are as follows:-

#### List of Related Parties with whom transactions have taken place :-

##### (a) Key Management Personnel:

Name of Person	Relationship
Shri Pramod Kumar Gupta,	Chairman & Managing Director
Shri C.P.Sharma	Director
Shri U.N.Pandey	Independent Director

##### (b) Related Parties

<b>Dr. Kanal Gupta</b>	<b>Son of Managing Director Shri P K Gupta</b>
Neha Gupta	Daughter of Managing Director Shri P K Gupta

##### (c) Associates :-

P. Mittal Manufacturing Pvt. Ltd.
Macro Steel Engineers Pvt. Ltd.

#### Details of Transactions with related parties:

S. No.	Particulars	Current Year (₹in lacs)	Previous Year (₹in lacs)
1	Rent Payment		
	Macro Steel Engineers Pvt. Ltd.	3,00,000	6,00,000
2.	Rent Receipts		
	P. Mittal Manufacturing Pvt. Ltd.	1,70,000	-
3	Salary		
	Pramod Kumar Gupta	24,00,000	24,00,000
	Dr. Kanal Gupta (earstwhile MSEL)	-	3,00,000
	C.P.Sharma	3,71,752	2,19,185
4	Professional Consultancy		
	Shri U.N.Pandey (Independent Director)	4,80,000	4,80,000
5	Unsecured Loan (Cr.) Clo. Bal.		
	Neha Gupta	-	5,13,313
	P. Mittal Manufacturing Pvt. Ltd.	-	75,00,000
6	Purchase		
	Macro Steel Engineers Pvt. Ltd.	2,94,39,000	4,38,78,000

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## NOTES ON BALANCE SHEET as at 31st March, 2014

### 12. Expenditure in Foreign Currency

S. No.	Particulars	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
1	Travelling	7,52,725	5,67,231
2	Purchases	14,49,46,612	15,11,25,560

### 13. Earning in Foreign Currency

S. No.	Particulars	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
(i)	Export of Goods at FOB value	52,23,06,762	34,10,17,227

### 14. Managerial Remuneration

S. No.	Particulars	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
(i)	Salary & Perquisites	24,00,000	24,00,000

In terms of our report of even date attached.

For **R S Dani & Co.**  
**Chartered Accountants**  
(FRN 000243C)

**Ashok Mangal**  
Partner  
M.No. 071714

Place : Delhi  
Date : 30/03/2015

For **United Drilling Tools Ltd.**

Pramod Kumar Gupta  
Managing Director

V.B. Mishra  
Director

U.S.Pandey  
Director

P K Ojha  
Company Secretary

S.S.K. Bhagat  
Director

K.D.Aggarwal  
Director

S S Manral  
CFO



## **INDEPENDENT AUDITOR'S REPORT**

To,  
The Members,  
United Drilling Tools Ltd.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **United Drilling Tools Ltd. ("the Company")**, which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies, Act 2013 ("the act") with respect to preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act 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 March 31, 2015;
- b) In the case of the Statement of Profit and Loss, 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.

## Report on Other Legal and Regulatory Requirements

- (i) As required by the Companies (Auditor's Report) Order, 2015 issued by the Central government of India in the terms of section 143 of the Companies Act 2013, we give in the Annexure a statement on the matters specified in Paragraph 3 & 4 of the order.
- (ii) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit and Loss and, Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards referred to in section 133 of the act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) On the basis of written representations received from the Directors as on March 31, 2015, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2015, from being appointed as a Director in terms of Section 164 (2) of the Act.
  - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i) The Company does not have any pending litigations which would materially impact its financial position.
    - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii) During the year the Company was not required to transfer any amount to Investor Education & Protection Fund.

For **R.S. DANI & CO.**  
Chartered Accountants  
(Firm Reg. No. 000243C)

Place : NOIDA  
Date : 22nd May, 2015

**Ashok Mangal**  
Partner  
M.No. 071714



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## **ANNEXURE TO AUDITOR'S REPORT**

The annexure referred to in our paragraph "Report on Other Legal and Regulatory Requirements" report to the members of United Drilling Tools Ltd. for the period ended 31 March 2015, we report that-

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a phased programme of physical verification of its fixed assets which in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this program, certain fixed assets has been physically verified by the management during the year and no material discrepancies were noticed on such verification as compared to the books of accounts.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory. As far as we could ascertain and according to the information and explanations given to us, no material discrepancies were noticed between the physical stock and the book records.
- (iii) The Company has not granted any unsecured loans to entities covered in the register maintained under section 189 of the Companies Act, 2013. Thus provisions of Clause 3(iii) (a) & (b) of the Companies (Auditor's Report) Order, 2015 are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and the sale of goods & services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other provision of the Companies Act and the rules framed there under are not applicable to the company.
- (vi) We have broadly reviewed the cost records maintained by the company as prescribed by the Central Government of India under section 148(1) of the Companies Act, 2013, and are of the opinion that prima facie the prescribed records have been made and maintained. We have not however made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed

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statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Service tax, Wealth tax, Customs duty, Excise duty, value added tax, Cess and any other material statutory dues to the extent applicable to it and there are no such undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31st March, 2015.

- (b) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, service tax, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
  - (c) No amounts were required to be transferred to investor education and protection fund during the year by the Company.
- (viii) The Company does not have accumulated losses as at the end of the financial year. There are no cash losses during the financial year under report and in the immediately preceding financial year.
- (ix) In our opinion and according to the information & explanations given to us, the company has not defaulted in repayment of dues to financial institution, banks and debenture holders.
- (x) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly, the provisions of clause 3 (x) of the order are not applicable to the Company.
- (xi) On the basis of records made available and according to information and explanations given to us, the company has not raised any term loans during the year.
- (xii) Based upon the audit procedure performed for the purpose of reporting the true and fair view and on the basis of the information and explanations 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.

## **For R. S. DANI & CO.**

Chartered Accountants

(Firm Reg. No. 000243C)

## **Ashok Mangal**

Partner

M. No. 071714

Place: NOIDA

Date: 22nd May, 2015



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## BALANCE SHEET AS AT 31ST MARCH, 2015

(₹)

S. No.	Particulars	Note No.	Figures as at 31.3.2015	Figures as at 31.3.2014
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>			
(1)	<b>Shareholder's Funds</b>			
(a)	Share Capital	1	201,914,055	153,680,835
(b)	Reserves and Surplus	2	625,531,716	365,774,299
(2)	<b>Shares to be issued in pursuant to the Scheme of Amalgamation</b>	3	-	48,222,220
(3)	<b>Non-Current Liabilities</b>			
(a)	Long-Term Borrowings	4	71,572,691	60,365,301
(b)	Deferred Tax Liabilities (net)	5	27,278,807	10,835,043
(c)	Long Term Provisions	6	2,058,702	1,349,325
(4)	<b>Current Liabilities</b>			
(a)	Short-Term Borrowings	7	-	36,043,703
(b)	Trade Payables		11,262,032	37,335,739
(c)	Other Current Liabilities	8	29,900,346	110,795,597
(d)	Short-Term Provisions	9	4,922,652	8,092,135
	<b>Total Equity &amp; Liabilities</b>		<b>974,441,001</b>	<b>832,494,197</b>
<b>II.</b>	<b>ASSETS</b>			
(1)	<b>Non-Current Assets</b>			
(a)	Fixed Assets	10		
(i)	Tangible Assets		136,206,111	116,137,466
(ii)	Intangible Assets (including under development)		380,704,740	450,243,845
(iii)	Capital Work in Process		408,420	27,877,999
(iv)	Intangible Assets under development		4,940,302	3,755,498
(b)	Long term loans and advances	11	2,193,219	3,201,555
(2)	<b>Current Assets</b>			
(a)	Inventories	12	150,599,061	62,584,336
(b)	Trade receivables	13	126,085,710	22,197,929
(c)	Cash and cash equivalents	14	94,989,020	88,750,359
(d)	Short-term loans and advances	15	78,314,418	57,745,210
	<b>Total Assets</b>		<b>974,441,001</b>	<b>832,494,197</b>
	<b>Significant Accounting Policies and Notes on Financial Statement</b>	24		

In terms of our report of even date attached.

For R S Dani & Co.  
Chartered Accountants  
(FRN 000243C)

Ashok Mangal  
Partner  
M.No. 071714

Place : Delhi  
Date : 22/05/2015

For United Drilling Tools Ltd.

Pramod Kumar Gupta  
Managing Director

V.B. Mishra  
Director

U.S.Pandey  
Director

P K Ojha  
Company Secretary

S.S.K. Bhagat  
Director

K.D.Aggarwal  
Director

S S Manral  
CFO

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## STATEMENT OF PROFIT & LOSS FOR YEAR YEAR ENDED ON 31ST MARCH, 2015

(₹)

S. No.	Particulars	Note No.	Figures for the year ended on 31.3.2015	Figures for the year ended on 31.3.2014
I.	Revenue from operations	16	1,115,752,076	662,060,247
II.	Other Income	17	3,315,449	11,149,593
	<b>III. Total Revenue (I + II)</b>		<b>1,119,067,525</b>	<b>673,209,840</b>
<b>IV.</b>	<b>Expenses:</b>			
	Cost of Materials Consumed	18	630,128,485	487,800,407
	Changes in Inventories of Finished goods, Work-in-Progress and Stock-in-Trade	19	(71,056,778)	15,470,282
	Employee Benefit Expense	20	40,680,049	22,236,466
	Financial Costs	21	15,030,035	6,229,741
	Other Expenses	22	133,417,847	85,185,234
	<b>IV. Total Expenses</b>		<b>748,199,638</b>	<b>616,922,130</b>
	Profit before Dep., exceptional and extraordinary items and tax		370,867,887	56,287,710
	Depreciation and Amortization Expense	10	94,252,886	32,129,183
V	Profit before exceptional and extraordinary items and tax	(III - IV)	276,615,001	24,158,527
VI	Exceptional Items		-	-
VII	Profit before extraordinary items and tax (V-VI)		276,615,001	24,158,527
VIII	Extraordinary Items		-	-
IX	Profit before tax (VII - VIII)		276,615,001	24,158,527
<b>X</b>	<b>Tax Expense:</b>			
	(1) Current tax MAT		57,979,887	4,874,000
	(2) Deferred tax		16,443,764	7,539,693
	(3) For earlier period		413,820	-
	(4) Less: MAT Credit available		(57,979,887)	(4,874,000)
XI	Profit(Loss) for the period	(IX-X)	259,757,417	16,618,834
XII	Profit/(Loss) from discontinuing operations		-	-
XIII	Tax expense of discounting operations		-	-
XIV	Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV	Profit/(Loss) for the period (XI + XIV)		259,757,417	16,618,834
<b>XVI</b>	<b>Earning per equity share:</b>	<b>23</b>		
	(1) Basic		25.40	3.07
	(2) Diluted		25.40	2.13
	<b>Significant Accounting Policies and Notes on Financial Statement</b>	24		

In terms of our report of even date attached.

For **R S Dani & Co.**  
**Chartered Accountants**  
(FRN 000243C)

**Ashok Mangal**  
Partner  
M.No. 071714

Place : Delhi  
Date : 22/05/2015

For **United Drilling Tools Ltd.**

Pramod Kumar Gupta  
Managing Director

V.B. Mishra  
Director

U.S.Pandey  
Director

P K Ojha  
Company Secretary

S.S.K. Bhagat  
Director

K.D.Agarwal  
Director

S S Manral  
CFO





# UNITED DRILLING TOOLS LTD

CIN:L29199DL1985PLCO15796

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

E-mail: compsect@udtltd.com, Website: www.udtltd.com

Phone: +91-0120-4842400, Fax: +91-120-24622675

## CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st March, 2015

(₹)

S. Particulars No.	Figures as at 31.3.2015	Figures as at 31.3.2014
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before Tax	276,615,001	24,158,527
<b>Items Adjustment for:</b>		
Depreciation	94,252,886	32,129,183
<b>Operating profit Before Change in working capital</b>	<b>370,867,887</b>	<b>56,287,710</b>
<b>Adjustment for:</b>		
Trade & Other Receivable	(103,887,781)	65,659,327
Inventories	(88,014,725)	21,641,805
Loans & Advances	(19,560,872)	(18,962,892)
Trade Payable & others	(111,487,766)	1,774,079
<b>Cash Generated from operations</b>	<b>47,916,743</b>	<b>126,400,029</b>
Less : Direct Taxes paid	413,820	1,166,451
Cash flow before Extra Ordinary Items	47,502,923	125,233,578
Less : Profit/(Loss) on Sale of Fixed Assets	-	-
<b>Net cash flow from operating activities</b>	<b>47,502,923</b>	<b>125,233,578</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase/Transfer of fixed Assets	18,497,651	292,562,076
Sales of fixed Assets	-	-
Encashment of Investment	-	-
<b>Net cash used in investing activities</b>	<b>18,497,651</b>	<b>292,562,076</b>
<b>CASH FLOW FROM FINANCE ACTIVITIES</b>		
Proceeds from Banks, Financial Institution Secured Loans	(36,043,703)	(23,992,435)
Unsecured Loans	11,207,390	39,357,283
Proceeds from share Capital to be Issued	-	48,222,220
Capital Reserve & Surplus (Effect of merger of MSEPL)	-	176,740,130
Increase in Deferred Tax (Effect of merger of MSEPL)	-	1,749,292
Receipt in Calls in Arrear	11,000	-
<b>Net Cash Flow from Financing Activities</b>	<b>(24,825,313)</b>	<b>242,076,490</b>

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## CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st March, 2015

(₹)

S. Particulars No.	Figures as at 31.3.2015	Figures as at 31.3.2014
Net increase in cash and equivalents	<b>4,179,959</b>	74,747,992
Cash and Cash Equivalents as at 1.4.2014 (Op. Bal.)	<b>88,750,359</b>	14,002,367
<b>Cash and Cash Equivalents as at 31.3.2015 (Clo.Bal.)</b>	<b>92,930,318</b>	<b>88,750,359</b>

Notes : 1) 1) The figures in the bracket indicates outflow.

In terms of our report of even date attached.

For **R S Dani & Co.**  
**Chartered Accountants**  
(FRN 000243C)

**Ashok Mangal**  
Partner  
M.No. 071714

Place : Delhi  
Date : 22/05/2015

For **United Drilling Tools Ltd.**

Pramod Kumar Gupta  
Managing Director

V.B. Mishra  
Director

U.S.Pandey  
Director

P K Ojha  
Company Secretary

S.S.K. Bhagat  
Director

K.D.Aggarwal  
Director

S S Manral  
CFO



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## NOTES ON BALANCE SHEET as at 31st March, 2015

### Note 1) Share Capital

(₹)

Particulars	Figures as at 31.3.2015	Figures as at 31.3.2014
<b>1 AUTHORIZED CAPITAL</b>		
36988330 Equity Shares of ₹10/- each. (Prev. Year 3,69,88,330 Equity Shares of ₹10/- each)	369,883,300	369,883,300
1,00,11,67 5% Cumulative compulsory redeemable Pref. Shares of ₹100/- each. (Previous Year 10,01,167 Shares) (The change in coupon rate of Pref. Shares approved by Pref. Shareholder in their meeting)	100,116,700	100,116,700
	<b>470,000,000</b>	<b>470,000,000</b>
<b>2 ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>		
<b>Equity Shares</b>		
1,02,28,413 (Pre.Yr. 54,06,191) Equity Shares of ₹10/- each, Fully Paid up Equity Shares	102,284,130	54,061,910
Less : Calls in Arrears	486,775	497,775
<b>Total</b>	<b>101,797,355</b>	<b>53,564,135</b>
1,00,11,67 5% Cumulative compulsory redeemable Pref. Shares of ₹100/- each. (Previous Year NIL)	100,116,700	100,116,700
<b>Total</b>	<b>201,914,055</b>	<b>153,680,835</b>

1.1 Reconciliation of the number of share outstanding	Current Year	Previous Year
Equity Shares		
Opening	5,406,191	5,406,191
Issued During the year	4,822,222	-
<b>Closing</b>	<b>10,228,413</b>	<b>5,406,191</b>
Preferential Shares		
Opening	1,001,167	1,001,167
Issued During the year		
<b>Closing</b>	<b>1,001,167</b>	<b>1,001,167</b>

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## NOTES ON BALANCE SHEET as at 31st March, 2015

1.2	DETAILS OF SHARE HOLDING (MORE THAN 5%) (Given for only Issued & Subscribed Capital)	31/03/2015		31/03/2014	
S. No.	Name Of the party	No. of Shares	% of Holding	No. of Shares	% of Holding
<b>Equity Shares</b>					
1	Pramod Kumar Gupta	7,181,900	70.21	3,823,567	70.74
	Cairn Oil Solution Pvt. Ltd.	1,308,889	12.80	-	-
<b>Preferential Shares</b>					
1	Pramod Kumar Gupta	950,475	94.94	950,475	94.94
2	Dr. Kanal Gupta	50,689	5.06	50,689	5.06

### 1.3 Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares referred to as equity shares having a par value of ₹10/-. Each holder of equity shares is entitled to one vote per share..

1.4	Aggregate number of Bonus shares issued and shares issued for consideration other than cash during the last five years	As At 31.3.2015	As At 31.3.2014
	Equity shares Issued on Amalgamation of P & K Hightech Systems Pvt. Ltd. in Financial Year 2012-13	3,438,791	3,438,791
	Equity shares Issued on Amalgamation of Macro Steel Engineers Pvt. Ltd.in Financial Year 2014-15	4,822,222	-
	Preference Shares Issued on Amalgamation of P & K Hightech Systems Pvt. Ltd. in Financial Year 2012-13	1,001,167	1,001,167

## Note 2) Reserve & Surplus

Sr. No.	Particulars	Figures as at 31.3.2015	Figures as at 31.3.2014
1	<b>Capital Reserve</b>		
	As per last Balance Sheet	178,304,396	9,526,616
	Add: Reserve arising out of Merger of Macro Steel Engineers Pvt. Ltd.	-	168,777,780
		<b>178,304,396</b>	<b>178,304,396</b>
2	<b>Securities Premium Reserve</b>		
	As per last Balance Sheet	124,868,190	124,868,190
		<b>124,868,190</b>	<b>124,868,190</b>
3	<b>General Reserve</b>		
	As per last Balance Sheet	809,335	809,335
		<b>809,335</b>	<b>809,335</b>



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## NOTES ON BALANCE SHEET as at 31st March, 2015

Sr. No.	Particulars	Figures as at 31.3.2015	Figures as at 31.3.2014
<b>4</b>	<b>Profit &amp; Loss Account</b>		
	As per last Balance Sheet	61,792,378	37,211,194
	Add: Profit for the period	259,757,417	16,618,834
	Add : On merger of Macro Steel Engineers Pvt. Ltd.	-	7,962,350
		<b>321,549,795</b>	<b>61,792,378</b>
	<b>TOTAL</b>	<b>625,531,716</b>	<b>365,774,299</b>

### Note 3)

Sr. No.	Particulars	Figures as at 31.3.2015	Figures as at 31.3.2014
<b>1</b>	<b>Equity shares to be Issued - on Amalgamation of Macro Steel Engineers Pvt. Ltd.</b>		
	C.Y. Nil (Pre.Yr. 48,22,222 Equity Shares of ₹10/- each, Fully Paid up Equity Shares)	-	48,222,220
	<b>TOTAL</b>	<b>-</b>	<b>48,222,220</b>

### Note 4) Long Term Borrowings

Sr. No.	Particulars	Figures as at 31.3.2015	Figures as at 31.3.2014
<b>1</b>	<b>Bonds / Debentures</b>		
	<b>Secured</b>		
	- Term Loan from Bank	NIL	
	<b>Less: Current Maturity</b>	NIL	
	- Vehicle Loans from Banks	20,00,000/-	
	Less: Current Maturity	3,55,802/-	
		<b>1,644,198</b>	
	<b>Unsecured</b>		
	From Corporate bodies	69,928,493	58,432,016
	From Shareholders	-	1,933,285
	<b>TOTAL</b>	<b>71,572,691</b>	<b>60,365,301</b>

**4.1 Note 4.1 : The Secured Loan of ₹20,00,000/- is secured by way of hypothecation of vehicles and payable in varioable installments in next 36 monthly installments.**

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## NOTES ON BALANCE SHEET as at 31st March, 2015

### Note 5) Deferred Tax Liabilities (Net)

Particulars	Figures as at 31.3.2015	Figures as at 31.3.2014
<b>Deferred tax liability</b> on difference between book depreciation and tax depreciation	27,978,560	11,242,440
<b>Deferred Tax Assets</b> employee benefit provisions	699,753	407,397
<b>Deferred tax liabilities (net)</b>	<b>27,278,807</b>	<b>10,835,043</b>

1) Refer point no. B.4 of Note 24.

### Note 6) Long Term Provisions

<b>1 Provision for employees benefit</b>	2,058,702	1,349,325
<b>Total</b>	<b>2,058,702</b>	<b>1,349,325</b>

### Note 7) Short Term Borrowings

Particulars	Figures as at 31.3.2015	Figures as at 31.3.2014
<b>Secured</b> Working Capital Loan from Bank	-	36,043,703
<b>Total</b>	<b>-</b>	<b>36,043,703</b>

The Working Capital loan from bank is secured by hypothecation of all present and future Plant & Machinery, Furniture and Fixture, Vehicle, Inventories, Book Debts and all movable assets of the company. Also personal guarantee of Managing Director.

### Note 8) Other Current Liabilities

Particulars	Figures as at 31.3.2015	Figures as at 31.3.2014
Current Maturity of Car Loan	355,802	57,645
Liabilities for Expenses	24,398,690	23,826,255
Advances from Customers	3,086,962	85,017,101
Other Liabilities	2,058,892	1,894,596
<b>Total</b>	<b>29,900,346</b>	<b>110,795,597</b>



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## NOTES ON BALANCE SHEET as at 31st March, 2015

### Note 9) Short Term Provisions

Particulars	Figures as at 31.3.2015	Figures as at 31.3.2014
Provision for Taxation	4,922,652	8,092,135
<b>Total</b>	<b>4,922,652</b>	<b>8,092,135</b>

### Note 11) Long Term Loans and Advances

Particulars	Figures as at 31.3.2015	Figures as at 31.3.2014
Capital Assets	-	-
Security Deposit		
a) Unsecured, Considered Good :	2,193,219	3,201,555
<b>Other Deposit</b>	<b>2,193,219</b>	<b>3,201,555</b>

### Note 12) Inventories

Particulars	Figures as at 31.3.2015	Figures as at 31.3.2014
(Values at cost or Market value whichever is lower)	-	-
Raw Material	47,925,867	32,910,518
R M Stock Transferred on merger of MSEPL	-	403,543
Work-in-Progress	88,879,812	22,567,101
WIP Stock Transferred on merger of MSEPL	-	3,849,600
Finished Goods	10,608,561	385,894
FG Stock Transferred on merger of MSEPL	-	1,629,000
Stores & Spares	3,184,821	763,874
S&S Stock Transferred on merger of MSEPL	-	74,806
<b>Total</b>	<b>150,599,061</b>	<b>62,584,336</b>

### Note 13) Trade Receivables

Particulars	Figures as at 31.3.2015	Figures as at 31.3.2014
<b>Unsecured, Considered Good :</b>		
Outstanding for more than six months	6,681,087	
Others	119,404,623	22,197,929
<b>Total</b>	<b>126,085,710</b>	<b>22,197,929</b>

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## NOTES ON BALANCE SHEET as at 31st March, 2015

### Note No. 10

Description of Fixed Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As on 1.04.2014	Additions due to merger	Addition During Year	Adjustment/ Deduction	As on 31.03.2015	For the Year	Adjustment/ Deduction	As on 31.03.2015	As on 31.03.2014
<b>Tangible</b>									
Land	6,691,998	-	-	-	6,691,998	-	-	6,691,998	6,691,998
Building	59,863,676	-	21,103,412	-	80,967,088	7,786,829	5,779,902	67,400,357	52,076,847
Plant & Machinery	33,567,168	-	10,345,579	-	43,912,747	9,436,194	6,991,663	27,484,890	24,130,974
Electric Fitting	5,546,595	-	2,736,748	-	8,283,343	1,316,907	1,337,548	5,628,888	4,229,688
Office Equipment	3,128,424	-	1,235,529	-	4,363,953	1,335,914	1,865,708	1,142,331	1,792,510
Testing & Equipment	439,186	-	1,766,307	-	2,205,493	132,719	541,105	673,824	306,467
Tools & Dies	6,406,690	-	2,285,011	-	8,691,701	2,949,819	1,719,157	4,668,976	3,456,871
Generator	2,509,310	-	-	-	2,509,310	1,006,700	300,128	1,306,828	1,502,610
Fire Fighting & Equipment	1,298,400	-	155,853	-	1,454,253	166,170	242,982	409,152	1,132,230
R&D Tech Equip P & M	17,201,518	-	-	-	17,201,518	1,817,786	3,075,977	4,893,763	15,383,732
Furniture & Fixture	2,828,007	-	206,747	-	3,034,754	1,211,210	663,897	1,875,107	1,616,797
Computer	1,389,803	-	312,920	-	1,702,723	1,015,766	408,327	1,424,093	374,037
Vehicles	12,432,562	-	4,634,320	-	17,066,882	8,989,857	1,767,388	10,757,245	3,442,705
<b>TOTAL</b>	<b>153,303,337</b>	-	<b>44,782,426</b>	-	<b>198,085,763</b>	<b>37,165,871</b>	<b>24,743,781</b>	<b>61,879,652</b>	<b>116,137,466</b>
Previous Year's Figures	44,724,918	39,047,878	69,530,541	-	153,303,337	24,840,632	5,833,136	116,137,466	19,884,286
<b>Intangible</b>									
Acquired on amalgamation									
Patented Technologies	256,370,800	-	-	-	256,370,800	256,370,080	25,637,080	51,274,160	230,733,720
Patented Technologies 20%	219,510,125	-	-	-	219,510,125	-	43,902,025	43,902,025	219,510,125
<b>TOTAL</b>	<b>475,880,925</b>	-	-	-	<b>475,880,925</b>	<b>25,637,080</b>	<b>69,539,105</b>	<b>95,176,185</b>	<b>450,243,845</b>
Previous Year's Figures	256,370,800	219,510,125	-	-	475,880,925	-	25,637,080	450,243,845	256,370,800





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### NOTES ON BALANCE SHEET as at 31st March, 2015

#### Note 14) Cash & Cash Equivalent

Particulars	Figures as at 31.3.2015	Figures as at 31.3.2014
<b>Cash at Bank</b>		
In Current Account	37,545,267	52,820,141
Fixed Deposit for Margin Money	31,841,244	32,819,302
Fixed Deposit - Others	25,500,000	3,000,000
<b>Cash-in-Hand</b>	-	
Cash Balance	102,509	110,916
<b>Total</b>	<b>94,989,020</b>	<b>88,750,359</b>

#### Note 15) Short Terms Loans and Advances

Particulars	Figures as at 31.3.2015	Figures as at 31.3.2014
<b>1 Loans &amp; Advances to related parties</b>		
a) Unsecured, Considered Good :	-	-
<b>2 Others</b>		
(Advance Recoverable in cash or in kind or for value to be considered good)		
Balance With Revenue Authorities	71,257,338	39,194,645
Other Advance	7,057,080	18,550,565
<b>Total</b>	<b>78,314,418</b>	<b>57,745,210</b>

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## Notes Forming Part of Statement of Profit & Loss for the Year ended 31st March, 2015

### Note 16) Revenue from Operations

Particulars	Figures for the Current year ended on 31.3.2015	Figures for the Previous year ended on 31.3.2014
Sale of Products	1,106,320,901	625,536,714
Foreign Exchange Fluctuation	7,099,895	21,735,521
Consultancy & Engineering Services	-	14,788,012
Job Work	2,331,280	-
<b>Total</b>	<b>1,115,752,076</b>	<b>662,060,247</b>

### Note 17) Other Income

Particulars	Figures for the Current year ended on 31.3.2015	Figures for the Previous year ended on 31.3.2014
Interest Received	3,143,781	3,951,176
Misc. Income and W/offes	171,668	7,028,417
Rent Received	-	170,000
<b>Total</b>	<b>3,315,449</b>	<b>11,149,593</b>

### Note 18) Cost of Material Consumed

Particulars	Figures for the Current year ended on 31.3.2015	Figures for the Previous year ended on 31.3.2014
MATERIALS AND STORES		
Opening Stock	33,674,392	45,802,864
Add: Materials transfer on merger of MSEPL	478,349	
Add: Purchase less returns	647,086,432	475,671,935
	681,239,173	521,474,799
Less: Closing stock	51,110,688	33,674,392
<b>MATERIAL CONSUMED</b>	<b>630,128,485</b>	<b>487,800,407</b>



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## Notes Forming Part of Statement of Profit & Loss for the Year ended 31st March, 2015

### Note 19) Change in Inventories

Particulars	Figures for the Current year ended on 31.3.2015	Figures for the Previous year ended on 31.3.2014
Opening Stock		
Work-in- Progress	26,416,701	37,934,477
Finish Goods	2,014,894	488,800
	<u>28,431,595</u>	<u>38,423,277</u>
Closing Stock		
Work-in- Progress	88,879,812	22,567,101
Finish Goods	10,608,561	385,894
	<u>99,488,373</u>	<u>22,952,995</u>
Change in Stock		
Work-in- Progress	(62,463,111)	15,367,376
Finish Goods	(8,593,667)	102,906
<b>Total</b>	<u><u>(71,056,778)</u></u>	<u><u>15,470,282</u></u>

### Note 20) Employment Benefit Expenses

Particulars	Figures for the Current year ended on 31.3.2015	Figures for the Previous year ended on 31.3.2014
Salary and Wages	31,102,893	17,112,180
P.F. and other benefits	2,469,905	1,372,607
Bonus	1,438,746	351,865
Gratuity	207,814	424,474
Employee Welfare	860,691	575,340
Director's Salary	4,600,000	2,400,000
<b>Total</b>	<u><u>40,680,049</u></u>	<u><u>22,236,466</u></u>

### Note 21) Financial Cost

Particulars	Figures for the Current year ended on 31.3.2015	Figures for the Previous year ended on 31.3.2014
Interest to Banks	4,747,903	2,068,750
Other Interest	5,994,881	1,311,363
Other Borrowing Costs	4,287,251	2,849,628
<b>Total</b>	<u><u>15,030,035</u></u>	<u><u>6,229,741</u></u>

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## Notes Forming Part of Statement of Profit & Loss for the Year ended 31st March, 2015

### Note 22) Other Expenses

Particulars	Figures for the Current year ended on 31.3.2015	Figures for the Previous year ended on 31.3.2014
(a) Manufacturing Expenses		
Power, Fuel & Water charges	11,121,304	5,121,403
Freight & Cartage	23,667,312	11,619,643
Security Service Charges	3,151,801	1,016,337
Testing & Painting Expenses	5,005,778	757,262
Job Charges	10,205,208	7,961,726
Labour Chages	7,767,116	
Repair & Maintenance		
Plant & Machinery	1,106,789	1,187,858
Building	1,588,978	1,831,602
Others	2,032,889	1,498,035
<b>TOTAL (a)</b>	<b>65,647,175</b>	<b>30,993,866</b>

Particulars	Figures for the Current year ended on 31.3.2015	Figures for the Previous year ended on 31.3.2014
<b>(b) Administrative and Other Expenses</b>		
Printing & Stationary	751,103	888,388
Postage, Telegram & Telephones	1,381,787	1,016,480
Subscription & Membership Fees	89,051	58,118
Director's Sitting Fee	297,500	137,000
Rent, Rates & Taxes	1,444,284	2,021,400
Travelling Directors	402,768	1,754,407
Others	3,108,783	1,537,791
Vehicle & Conveyance	4,426,746	2,939,087
Charity & Donation	239,501	168,100
LD Charges	-	10,973,840
Legal & Professional	1,450,037	1,918,855
Insurance Charges	902,965	960,840



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### Notes Forming Part of Statement of Profit & Loss for the Year ended 31st March, 2015

Lease Rent	797,409	228,666
Impairment of Stock & Stores		5,815,905
Audit Fees	200,000	200,000
Books & Periodicals	33,350	51,827
Miscellaneous Expenses	4,580,459	2,084,550
Registration & Filing Fee	2,360,492	447,793
<b>TOTAL (b)</b>	<b>22,466,235</b>	<b>33,203,047</b>

#### Note 23) Earning Per Share (EPS)

Particulars	Figures for the Current year ended on 31.3.2015	Figures for the Previous year ended on 31.3.2014
Net Profit after tax as per Statements of Profit and loss attributable to Equity shareholder	259,757,417	16,618,834
Weighted Average number of Equity Shares used as denominator for calculating EPS	10,228,413	5,406,191
Basic EPS	25.40	3.07
Diluted EPS	25.40	2.13
Face Value Per Equity Share	10	10

#### Note 24

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS

#### 24.A. SIGNIFICANT ACCOUNTING POLICIES

##### 1. BASIS OF PREPARATION

The financial statements have been prepared to comply in all material respect with the Notified Accounting Standards pursuant to Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company.

##### 2. USE OF ESTIMATES

The presentation of financial statements requires estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known/ materialized.

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## NOTES ON BALANCE SHEET as at 31st March, 2015

### 3. REVENUE RECOGNITION

- a) Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.
- b) Sale of Goods - Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and is stated net of trade discount, returns and Sales Tax / VAT but includes Excise Duty.
- c) Interest - Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- d) Export Benefits / Incentives - Export entitlement under Duty Entitlement Pass Book ('DEPB') Scheme are recognised in the Profit & Loss Account when the right to receive credit as per terms of the scheme is established in respect of export made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

### 4. EXPENDITURE

Rebate, claims & settlement on goods sold are accounted for as and when these are ascertained with reasonable accuracy.

### 5. FIXED ASSETS AND DEPRECIATION

- a) Fixed Assets are stated at cost or as revalued, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets, if material, are also included in cost to the extent they relate to the period till such assets are ready to be put to use.
- b) Depreciation on Fixed Assets is provided on Written Down Value method at the rates specified in Schedule II to the Companies Act, 2013.

### 6. INTANGIBLE ASSETS

- a) The company has intangible assets acquired on amalgamation and company has continued to carry on research on the on going research of the amalgamating company.
- b) The intangible asset on which no further research is carrying on is amortized over a period of ten years and five years based on estimated useful life of the intangible asset.

### 7. IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit & loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

### 8. INVENTORIES

- a) Inventories of Finished Goods, Work in progress, Raw materials, Packing materials and Stores & Spares are stated at lower of cost and net realisable value.
- b) Cost of Raw Materials, Packing Materials, Stores and Spares, Trading and other products are determined on weighted average basis and are net of Cenvat credit.
- c) Cost of Work in progress and Finished Goods is determined considering direct material cost and appropriate portion of manufacturing overheads based on normal operating capacity.



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**NOTES ON BALANCE SHEET as at 31st March, 2015**

- d) Obsolete, slow moving and defective inventories are identified at the time of physical verification of inventories and where necessary, either written off or provision is made for such inventories.

**9. EMPLOYEE BENEFITS****a) Defined Contribution Plan:**

Employees benefits in the form of the Company's contribution to Provident Fund, Pension scheme, Superannuation Fund and Employees State Insurance is a defined contribution scheme and contributions are charged to the Profit & Loss Account of the year when the contribution to the respective fund is due.

**b) Defined Benefit Plan:**

Retirement benefits in the form of gratuity and leave encashment are considered as defined benefit obligations and are provided for on the basis of actuarial valuation as at the date of Balance Sheet.

**10. DEFERRED REVENUE EXPENDITURE**

Company do not recognize Deferred Revenue Expenditure.

**11. FOREIGN CURRENCY TRANSACTIONS****a) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**b) Conversion**

Foreign currency monetary items are reported using the closing rate.

**c) Exchange Difference**

Any gain or loss on account of exchange difference arising either on the settlement or on reinstatement of foreign currency monetary items is recognised in the Profit & Loss account.

**12. RESEARCH AND DEVELOPMENT**

Equipment purchased for research and development is capitalised when commissioned and included in the gross block of fixed assets. Revenue expenditure on research and development related to development of intangible asset is charged to intangible assets under development and taken to intangible assets, till research is complete and the same is recognized as intangible assets ready for use. The other expenditure on R&D is charged to profit & loss account in the period in which it is incurred.

**13. PRIOR PERIOD ADJUSTMENTS**

Earlier year items, adjustment/Claims, arisen / settled / noted during the year are, if material in nature, are debited / credited to the prior period Expenses/Income or respective heads of account if not material in the nature.

**14. INVESTMENTS**

Investments that are readily realisable and intended to be held for not more than a year classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value. Long-term investments are stated at cost. Provision for diminution in the value of investments is made, if it is other than temporary.

**15. BORROWING COST**

Borrowing costs that are attributable to the acquisition or construction of a qualifying asset are capitalized as part

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## NOTES ON BALANCE SHEET as at 31st March, 2015

of the cost of such asset. A qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

### 16. TAXATION

- a) Provision for Current Tax is made after considering benefits, exemptions and deductions available under the Income Tax Act, 1961.
- b) Deferred tax is recognized subject to consideration of prudence, on timing differences, representing the difference between the taxable income/(loss) and accounting income/(loss) that originated in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

### 17. LEASES

Operating Lease: Lease rentals in respect of assets taken on operating leases are charged to the profit and loss account with reference to lease terms and other consideration.

### 18. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS'

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in notes. Contingent assets are neither recognised nor disclosed in the financial statements.

### 19. SEGMENT REPORTING

The accounting policies adopted by the company for segment reporting are in line with the accounting standard on Segmental Reporting.

#### Primary Segments:

Business Segment: The Company's operating business is in India only and accordingly there is only one business segment.

#### Secondary Segments:

Currency Segment: The analysis of currency segment is based on the basis of currency. The currency segments considered for disclosure are as follows:

- (a) Sales in Indian Currency
- (b) Sales in foreign currency

Segment Assets denotes for assets in Local Currency and in foreign currency .

### 20. CASH FLOW STATEMENTS

Cash-flow statements are prepared in accordance with "Indirect Method" as explained in the Accounting Standard on Cash Flow Statements (AS-3) issued by the Institute of Chartered Accountants of India. The Cash flows from regular revenue generating, financing and investing activity of the company are segregated.

### 21. EARNING PER SHARE

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted Earning per Share, the net profit or loss for the period attributable to Equity Shareholders and the weighted average number of Shares outstanding during the period are adjusted for the effects of all dilutive potential Equity Shares.





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### NOTES ON BALANCE SHEET as at 31st March, 2015

#### 22. DERIVATIVE INSTRUMENTS

As per announcement of Institute of Chartered Accountants of India, accounting for derivatives contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to Profit and Loss Account. Net Gain is ignored.

#### 24.B NOTES ON FINANCIAL STATEMENTS

- 1) Contingent Liabilities not provided for :
  - i. Counter guarantees against Bank guarantees given by banks ₹7,03,80,310/- (Pr. Yr. ₹6,95,59,118/-).
  - ii. Bill discounted by bank ₹NIL (Pr. Yr. Nil)
- 2) (i) In the opinion of the Board the Current Assets, Loans and Advances are approximately of the value as stated in Financial Statements, if realized in the ordinary course of business.  
(ii) The provision for all known and determined liabilities is adequate and not in excess of the amount reasonably required.  
(iii) Balances of Debtors, Creditors and Loan and Advances are subject to confirmation.  
(iv) Previous Year's figures has been regrouped and rearranged wherever necessary.
- 3) (i) In note 18 purchases include ₹Nil (previous years ₹9,67,90,835/-) purchases of trading materials.  
(ii) Depreciation on Fixed Assets is provided on Written Down Value method at the rates specified in Schedule II to the Companies Act, 2013, the effect of transitional provision due to change in life of asset has been charged to respective assets.
- 4) The Deferred Tax Assets/ Liabilities as on 31.3.2015 as shown in Note 5, comprise of following:

	Particulars	Current Year (₹)	Previous Year (₹)
A.	Deferred Tax Liability -Depreciation	2,79,78,560	94,93,148
	Deferred Tax Liability of (MSEPL)		17,49,292
B.	Deferred Tax Assets	(6,99,753)	(4,07,397)
	Net Deferred Tax Liability/(Assets)	2,72,78,807	1,08,35,043

The deferred tax liability required at the year end is ₹2,72,78,807/- (Prev. Yr. ₹1,08,35,043/-), the difference between opening liability and closing liability is charged to Profit & Loss a/c (liability) ₹1,64,43,764/- (Prev. Yr. ₹75,39,693/-) .

- 5) Preferential Share holders in their meeting held on 28-02-2015 has waived their right to claim the dividend on preferential share for the period from 1.4.2014 to 31.3.2015, i.e. for financial Year 2014-15. Therefore provision for dividend on preferential shares for the year has not been made and dividend not declared.

#### 6) Scheme of Amalgamation

- I. A Scheme of Amalgamation was framed under the provisions of sections 391 and 394 of the Companies Act, 1956, and other applicable provisions, if any, for amalgamation of Macro Steel Engineers Pvt. Ltd. (MSEPL) (the Transferor Company) with United Drilling Tools Ltd (the Transferee Company) as reported in previous year.

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## NOTES ON BALANCE SHEET as at 31st March, 2015

- II. The aforesaid Scheme of Amalgamation was approved by the Hon'ble High Court of Delhi vide its order dated 1st May, 2014 and revised 25th Day of November 2014. The Scheme became effective on 25th July, 2014, being the date of filing of the High Court Order with the ROC. Since the Scheme is operative from the Appointed Date, 1st Oct., 2013, effect of the scheme of merger has been given in the audited accounts of financial year 2013-14.
- III. In terms of the Scheme of Amalgamation, the Transferee Company has issued 48,22,222 Equity Shares of ₹10 each, credited as fully paid-up, to the Shareholders of the Transferor Company during the year.
- IV. Amalgamation of Transferor Company with the Transferee Company has been accounted for under the Pooling of Interests Method as per Accounting Standard-14 (AS-14) as prescribed under the Companies (Accounting Standards) Rules, 2006. Accordingly, all the assets, liabilities and reserves of each of the Transferor Company have been recorded in the Company's books at their existing carrying amounts and in the same form. Inter-company balances, if any, stand cancelled.

### 7) Employee Benefit Obligations

#### a) Defined Contribution Plan

The Company makes contributions towards Employees Provident Fund and Family Pension Fund for qualifying employees. The Fund is operated by the Regional Provident Fund Commissioner. The amount of contribution is recognized as expense for defined contribution plans. The contribution of PF is ₹18,29,331/- (Pre. Yr. ₹11,03,820/-)

#### b) Defined Benefit Plan

The Company make payment to vested employees at retirement, death while in employment or on termination of an amount equivalent to 15 days salary (last drawn salary) payable for each completed year of service or part thereof in excess of six months as per provisions of Payment of Gratuity Act, 1972. Vesting occurs upon completion of five years of service. The Gratuity liability is provided in the books amounting to ₹11,60,267/- (Previous Year ₹11,09,917/-) on actuarial liability basis as on the date of balance sheet. It is non funded.

#### c) Other Long Term Employee Benefits

Liability of Leave Encashment is provided in the books of account amounting to ₹8,98,435/- (Previous Year ₹1,45,736/-) on actual calculation basis as on balance sheet date. It is non funded.

- 8) The figures for the previous year have been regrouped and rearranged wherever found necessary to make them comparable with those of current year.
- 9) (i) The company is doing further research in enhanced recovery of oil from low performing oil well globally, the expenditure incurred in debited to intangible assets under development.  
(ii) The provision for taxation has been made after considering the benefits available to EOU and SEZ units under Income Tax Act.

### 10) Financial Derivative Instruments

The Company don't uses Forward Exchange Contracts to hedge its exposure in foreign currency. The information on derivative instruments and foreign currency exposure are as follows:



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## NOTES ON BALANCE SHEET as at 31st March, 2015

	Particular	31.03.2015		31.03.2014	
		Amount in Foreign Currency	Amount in ₹	Amount in Foreign Currency	Amount in ₹
A	Forward Exchange Contracts outstanding	-	-	-	
B	Foreign currency exposure not covered by derivative instrument				
	1. Amount receivable on account of export of goods and services:				
	USD	15,18,968	9,46,85,706	97,600	58,60,880

### 11. DISCLOSURES UNDER ACCOUNTING STANDARDS

#### (A) SEGMENT REPORTING

##### (a) Primary Segment Reporting

- (i) The Company is engaged in only one business segment hence no segment reporting required.
- (b) Secondary Segment reporting on the basis of Local Currency and Foreign Currency segments as below:

Particulars	2013-14	2012-13
1. Segment Revenue		
- Revenue in Local Currency	1,32,44,983	10,32,29,952
- Revenue in Foreign Currency	1,09,30,95,918	52,23,06,762
<b>Total Revenue</b>	<b>1,10,63,20,901</b>	<b>62,55,36,714</b>
2. Segment Assets*		
- Assets in Local Currency	87,97,55,295	82,66,33,317
- Assets in Foreign Currency	9,46,85,706	58,60,880
<b>Total Assets</b>	<b>97,44,41,001</b>	<b>83,24,94,197</b>

\*Segment Assets in Foreign Currency is entirely related to Sundry Debtors

#### (B) RELATED PARTY DISCLOSURES

Transactions with related party as identified by the management in accordance with Accounting Standard 18 "Related Party Disclosures" issued by The Institute of Chartered Accountants of India are as follows:-

##### List of Related Parties with whom transactions have taken place :-

- (a) Key Management Personnel:

Name of Person	Relationship
Shri Pramod Kumar Gupta,	Chairman & Managing Director
Shri S S Manral	CFO
Shri P K Pjha	Company Secretary

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## NOTES ON BALANCE SHEET as at 31st March, 2015

### (b) Related Parties

<b>Dr. Kanal Gupta</b>	<b>Additional Director Son of CMD</b>
Neha Gupta	Daughter of Managing Director Shri P K Gupta
Shruti Syngal	Additional Director Daughter in law of CMD
Shri U.N.Pandey	Independent Director

### (c) Associates :-

P. Mittal Manufacturing Pvt. Ltd.
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### Details of Transactions with related parties:

S. No.	Particulars	Current Year (₹in lacs)	Previous Year (₹in lacs)
1	Rent Payment		
	Macro Steel Engineers Pvt. Ltd. (Since merged with the company)		3,00,000
2.	Rent Receipts		
	P. Mittal Manufacturing Pvt. Ltd.	68,000	1,70,000
3	Salary		
	Pramod Kumar Gupta	42,00,000	24,00,000
	Dr. Kanal Gupta (earstwhile MSEL)	4,00,000	-
	S.S.Manral(Promoted asCFO wef 30.3.2015)	3,22,053	3,96,753
	P.K.Ojha	4,38,470	3,87,216
4	Professional Consultancy		
	Shri U.N.Pandey (Independent Director)	4,80,000	4,80,000
6	Purchase		
	Macro Steel Engineers Pvt. Ltd. (before merger)	-	2,94,39,000

### 12. Expenditure in Foreign Currency

S. No.	Particulars	Current Year (₹in lacs)	Previous Year (₹in lacs)
1	Travelling	2,42,962	7,52,725
2	Purchases	22,67,86,500	14,49,46,612
3	Royalty	1,61,20,554	
4	Licence Fee	20,97,748	



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### NOTES ON BALANCE SHEET as at 31st March, 2015

#### 13. Earning in Foreign Currency

S. No.	Particulars	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
(i)	Earning in foreign Currency at FOB value	1,09,30,95,918	52,23,06,762

#### 14. Managerial Remuneration

S. No.	Particulars	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
(i)	Salary & Perquisites	42,00,000	24,00,000

In terms of our report of even date attached.

For **R S Dani & Co.**  
**Chartered Accountants**  
(FRN 000243C)

**Ashok Mangal**  
Partner  
M.No. 071714

Place : Delhi  
Date : 22/05/2015

For **United Drilling Tools Ltd.**

Pramod Kumar Gupta  
Managing Director

V.B. Mishra  
Director

U.S.Pandey  
Director

P K Ojha  
Company Secretary

S.S.K. Bhagat  
Director

K.D.Aggarwal  
Director

S S Manral  
CFO

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## ELECTRONIC VOTING PARTICULARS

EVEN (E-Voting Event Number)	USER ID	PASSWORD/PIN

The e-voting facility will be available during the following voting period:

Commencement of e-voting	From 10.00 a.m. (IST) on September 11, 2015
End of e-voting	Upto 06.00 p.m. (IST) on September 13, 2015

- The cut-off date (i.e. the record date) for the purpose of e-voting is 7th September, 2015.
- Please see the back side of this letter for instructions on E-Voting.

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## ATTENDANCE SLIP

Regd. Folio No. / DP ID - Client ID : \_\_\_\_\_

Name & Address of First/Sole Shareholder : \_\_\_\_\_

No. of Shares held : \_\_\_\_\_

I hereby record my presence at the 33<sup>rd</sup> Annual General Meeting of the Company to be held on Monday, the 14<sup>th</sup> day of September, 2015 at 11.00 a.m. Maharani Bagh Community Centre, 1 Central Avenue, Maharani Bagh, New Delhi - 110 065

\_\_\_\_\_  
Signature of Member/Proxy

Notes:

- Only Member/Proxy can attend the meeting. No minors would be allowed at the meeting.
- Member / Proxy wish to attend the meeting must bring this attendance slip to the meeting and handover at the entrance duly filled in and signed.

**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on 11th September, 2015 at 10.00 a.m. and ends on 13th September, 2015 at 6.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 7th September, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to use the the first two letters of their name and the 8 digits of the sequence number in the PAN field. Sequence number is printed in table of electronic voting particulars. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant **United Drilling Tools Ltd.** on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Non – Individual Shareholders and Custodians

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.

The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- (i) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e.7th September, 2015 may follow the same instructions as mentioned above for e-Voting.
- (ii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

# UNITED DRILLING TOOLS LTD.

CIN : L29199DL1985PLC015796

Regd. Office : B-94, Shashi Garden, Patpar Ganj, New Delhi-110091

E-mail : compsect@udtltd.com Website : www.udtltd.com

Ph. : 0120-4842400, 2462673, Fax : 0120-2462675

## PROXY FORM AGM 2015

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3)  
of the Companies (Management and Administration) Rules, 2014]  
MGT 11

I/We, being the member(s) of ..... shares of the above named Company, hereby appoint

(1) Name :  
Address:  
E-mail id: Signature \_\_\_\_\_, or failing him;

(2) Name :  
Address:  
E-mail id: Signature \_\_\_\_\_, or failing him;

(3) Name :  
Address:  
E-mail id: Signature \_\_\_\_\_

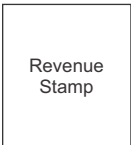
as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33<sup>rd</sup> Annual General Meeting of the Company, to be held on Monday, the 14<sup>th</sup> September, 2015 at 11.00 a.m. at Maharani Bagh Community Centre, 1 Central Avenue, Maharani Bagh, New Delhi -110 065 and at any adjournment thereof in respect of such resolutions as are indicated below:

RESOLUTION	
<b>Ordinary Business</b>	
1.	To consider and adopt the audited financial statement of the Company for the financial year ended March 31, 2014, the auditors report thereon and take note of Board of Directors report.
2.	To consider and adopt the audited financial statement of the Company for the financial year ended March 31, 2015, the reports of the Board of Directors and Auditors thereon; and
3.	To appoint a Director in place of Mr. U.S. Pandey having DIN 02877691, who retires by rotation and, being eligible, offers himself for re-appointment.
4.	To appoint M/s. R S Dani & Co. as Statutory Auditors of the Company.
<b>Special Business</b>	
1.	To consider and appoint Mr. Kunal Gupta as Director of the Company.
2.	To consider and adopt new set of Articles of Association of the Company.
3.	To consider and adopt alteration in Memorandum of Association of the Company as per Companies Act, 2013

Signed this----- day of----- 2015

Signature of Shareholder-----

Signature of Proxy holder(s)-----



**Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**



