



# UNITED DRILLING TOOLS LTD.

CIN : L29199DL 1985 PLCO 15796

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

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02/09/2020

UDT/SEC/2020-21/25

To,

The Corporate Compliance Department

BSE Limited

Phiroze Jeejeebhoy Towers,

Dalal Street, Mumbai- 400001

Security Code: 522014

Security ID: UNIDT

ISIN: INE961D01019

**Sub: Annual Report for the Financial Year 2019-20**

Dear Sir/Mam,

Pursuant to regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we are submitting herewith the Annual Report of the Company for the financial year ended 31<sup>st</sup> March, 2020 together with the AGM notice dated 25<sup>th</sup> August, 2020 convening the 38<sup>th</sup> Annual General Meeting of the Company scheduled to be held on Monday, 28<sup>th</sup> day of September, 2020 at 11:00 AM at through Video Conferencing (VC) / other audio visual means (OAVM).

The above is also uploaded on the website of the Company i.e; [www.udtltd.com](http://www.udtltd.com).

Kindly take the same on record, please.

Thanking You,

Yours faithfully

**For United Drilling Tools Ltd.**

  
**Pramod Kumar Ojha**  
Company Secretary  
M. No. 8698



# Poised for a Sustainable Growth



### Forward-looking statements

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, may contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’ and words of similar nature in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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**Those who see this report are likely to be impressed with the numbers we reported in a challenging 2019-20.**

**A year marked by subdued economic growth and spread of the Covid-19 pandemic.**

**Yet, we recorded an increase in our order book by 33%, an increase in our EBIDTA by 92% and an increase in our PAT by 83%. One of our best-ever year even though this was the slowest year of growth in a decade for the country.**

**Interestingly, the big story at United Drilling Tools Limited (UDTL) is not the year that passed, but the years we see ahead.**

**Not the fact that we continue to strengthen our market leadership within our industry space in India, but where we are likely to go over the foreseeable future as we continue to strengthen our international presence, our product portfolio and our technological quotient.**

**Not the fact that we emerged as the leading manufacturer of high-quality products used in the upstream oil and gas exploration industry, but being a future-focused company, the initiatives we took to tweak and reform our approach to leverage the present market scenario and thereby ensure sustainable growth.**

**The inflection starts now.**

**For years we have crafted strategies that fortified our position in the industry and brought us favourable results.**

**Hence, keeping our values, visions and quality promises intact, we worked towards remodelling our strategies, reworked on our focus areas, revived our efforts in certain aspects and thereby, we have accelerated our growth, consistently and remarkably!**

**It would have been easy playing the game for profits; but we selected to opt for sustainability instead.**

#### UDTL's Statement of Intent

We intend to create a world-class drilling tools manufacturing company.

We intend to create a company servicing the growing needs of one of the core sectors of many economies across the world.

We intend to create a research-led company delivering the best product in line with the global standards.

We intend to create a financially-derisked company, viable even

in the most challenging business environments.

We intend to create a company that balances growth with sustainability.

The world is undergoing one of its toughest phases in the twenty-first century. Rather than waiting for realities to recover, UDTL undertook the necessary initiatives that helps UDTL remain perfectly poised to exploit opportunities to fuel sustainable growth – keeping diversity and innovation at its core.



# UDTL's Story

*The story of evolution.*

## Only manufacturer

of long OD multi-start types of connectors in India

## Largest

India's largest drilling tools and equipment manufacturer

**849,341**

(sq. ft.) Total manufacturing area coverage of UDTL

**35**

Total years of rich industry experience

**16+ countries**

UDTL's growing international presence

**70%**

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

**297%**

Revenue growth in the last decade

**Zero**

UDTL is a zero-debt company.

**18.60**

(₹ crores) Total dividend paid to the shareholders in the last four years

This is what best describes United Drilling Tools Limited (UDTL), India's leading manufacturers of high-quality oilfield drilling tools and equipment.

# The Company at a glance

**Oil and Gas sector. One of the core sectors in many oil dependent nations across the world.**

**United Drilling Tools Limited. A globally renowned leading manufacturer of high precision oilfield equipment matching API standards. India's largest and leading manufacturer of oil drilling, production and exploration tools and equipment.**



## **Who we are**

United Drilling Tools Limited (UDTL) is a growing ₹300 crores globally respected business entity that has an enviable track record of supplying products with the most reliable designs and at competitive prices. Widely recognized for manufacturing downhole tools, wireline & well service equipment, gas lift equipment, and large OD casing pipe and connectors, the Company has a history of enduring relationships with some of the globally renowned oil companies. Since its inception in 1985 by Mr. Pramod Kumar Gupta, the Company has maintained a consistent track record of creating value for all its different stakeholders and has emerged as a global leader in connector technology.



## **Our Vision**

Relentlessly focus on pioneering solutions for the E&P sector with devoted R&D clubbing global technology enabling higher savings for oil production companies.



## **Our Mission**

Providing world class quality products compatible with API standards, development on our product lines to introduce new designs at very competitive costs, create a quality embargo globally offering world class solutions and products.

## Values that form the basis of our **business culture**

### Customer Focus

UDTL is committed to the interests of its customers in its operations. Quickly responding to their requirements, the Company releases new products, upgrades its technology, modernizes its manufacturing facilities, and enhances its standard of service.

### A Comprehensive Approach

UDTL adheres to the integrated approach which it believes is a prerequisite to business success. It is the approach to using the Company's resources that affords the benefits of collaboration, which ensure a synergistic effect.

### Maximum Results

To ensure maximum effect, UDTL innovates at a high rate, strives to make timely decisions and see that these are efficiently executed, and utilizes all of the Company's resources in the best possible way.

### Our management strength

UDTL is helmed by Mr. Pramod Kumar Gupta (Chairman & Managing Director), who possesses more than three decades of rich experience in the oil and gas industry. He is aptly aided by our Executive Director Dr. Kanal Gupta, who provides strategic direction to the Company and manages all the operations and strategic partnerships. The senior management of the Company possesses extensive sectoral experience across the manufacturing, marketing, branding, distribution and finance functions.

Further the Company has a strong support of more than more than 450 employees comprising of engineers, quality control engineers, design / R&D engineers, and after sales service personnel. While the design and R&D team helps the Company introduce new innovative product range, while the sales support team has helped UDTL widen its domestic and global footprint.

### Where we are

Headquartered in Noida Phase-2, Distt. Gautam Budh Nagar, UDTL has its

### Where we are listed

UDTL got listed on the BSE Limited in 1986 and enjoys a market capitalisation (full) of ₹300 crores (approx.) as on March 31, 2020.

### Our key certifications

UDTL is engaged in responsible and eco-friendly manufacturing practices that enhance workplace safety and yet match the global standards.

product presence in India and in more than 16 countries across the globe.

Equipped with latest technologies such as machine-shop-with CNC, special-purpose lathes, milling machines, drilling machines, cylindrical grinders, assembly and fabrication shop, the three state-of-the-art manufacturing facilities of the Company are located at Nodia (SEZ) and Kandla, Kutch.

UDTL's holistic manufacturing competence makes it the largest manufacturer of connectors across the globe. Besides, UDTL is India's only manufacturer of Long OD multi start type of connectors in India for more than 25 years now.

### Our offerings basket

UDTL is India's largest private sector player engaged in the manufacturing of high-tech machines and tools being used in the oil, gas, drilling and allied industries. With a wide range of products under four major product lines, UDTL has emerged as a diversified player with a strong presence across the entire value chain of the oil and gas industry.

This commitment has been showcased in certifications such as ISO 9001 : 2008, ISO 14001 : 2015, and OHSAS 18001 : 2007. The Company also has product specific American Petroleum Institute (API) certifications such as API 19G1, API 19G2, API 5CT, API 7-1 & API 5L. All these certifications are recognised and respected globally.

### Wireline Winch Units

UDT Slimsplit  
UDT Flyline  
UDT Surveyline  
UDT Truckline  
UDT Landline  
Wireline Accessories

### Artificial Gas Lift Equipment

Wireline Retrievable Gas Lift Valves  
Orifice Valves  
Side Pocket Mandrels  
Dummy & Equalizing Valves  
Latches  
Standing Valves & Seating Nipples  
Running & Pulling Tools  
Conventional Casing pressure Operated Gas Lift Valves  
Conventional Tubing pressure Operated Gas lift Valves  
Conventional Check Valves  
Conventional Gas Lift Mandrels

### Down Hole Tools

Interchangeable Sleeve Stabilizer  
Integral Blade Stabilizer  
Rotary Reamers  
Subs, Lifting Subs & Plugs

### High Performance Connectors

Leopard  
Swift  
Lynx  
Puma



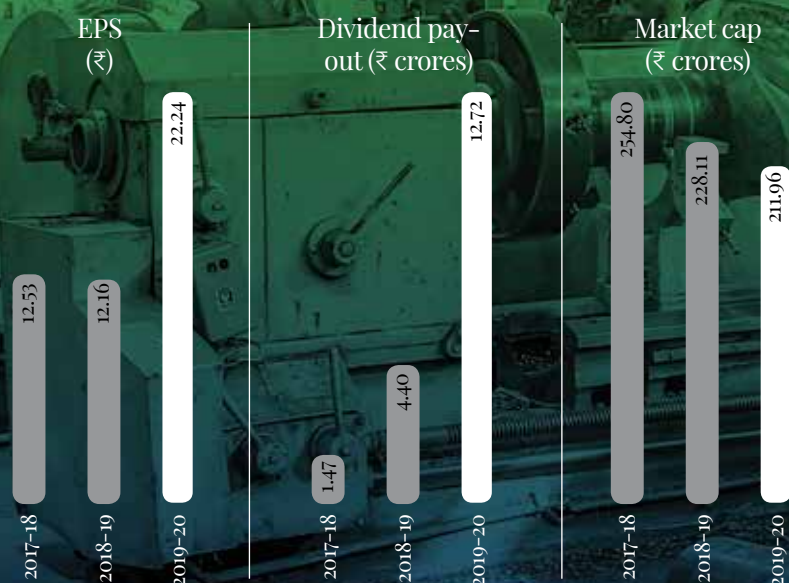
## The Story in numbers

We believe in yielding incremental returns for our stakeholders by investing in long-term growth opportunities. Our mission is to ensure that we continue steaming ahead on our path towards sustainable growth by focusing on lucrative niches, on expanding our international presence, and offering innovative products.

### Shaping a platform for growth

Revenue		EBIDTA	
<b>+215%</b>		<b>+245%</b>	
2015-16	2019-20	2015-16	2019-20
₹36.37 crores	₹114.67 crores	₹16.21 crores	₹55.96 crores
PAT		Cash profit	
<b>+592%</b>		<b>+255%</b>	
2015-16	2019-20	2015-16	2019-20
₹6.53 crores	₹45.22 crores	₹15.62 crores	₹55.45 crores

### Adding value at the hands of our shareholders

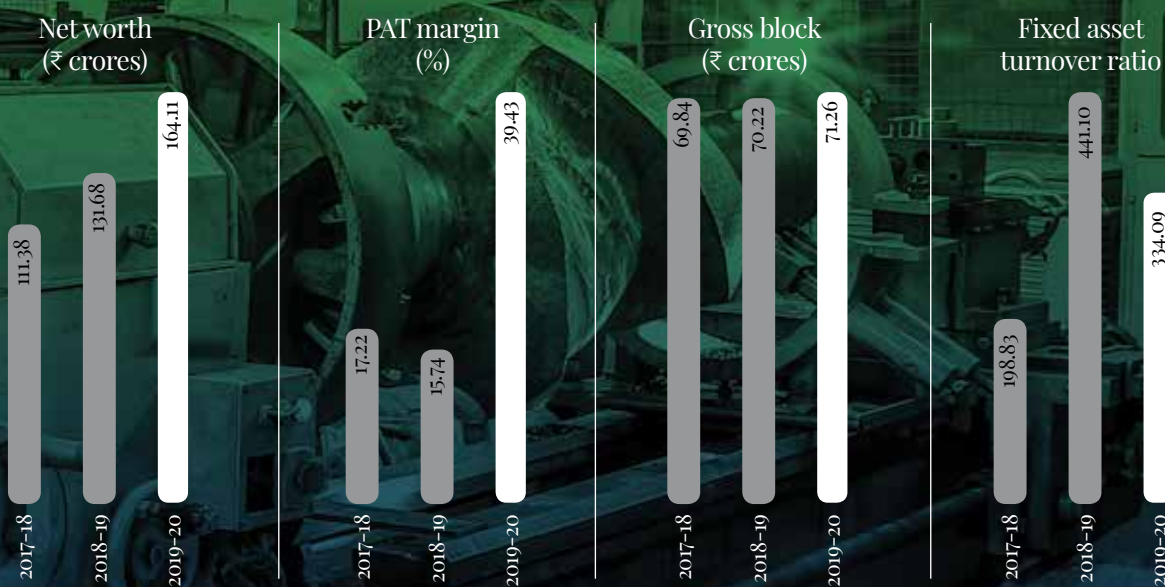


EBIDTA margin		RoCE	
<b>+265 bps</b>		<b>+303.73 bps</b>	
2015-16	2019-20	2015-16	2019-20
44.56%	48.80%	7.77%	31.37%

Net margin		RoNW	
<b>+194 bps</b>		<b>+276.88 bps</b>	
2015-16	2019-20	2015-16	2019-20
17.95%	39.43%	7.31%	27.55%

Growing relentlessly without stretching our Balance Sheet



# Since 1985...

## Our Journey over the years

- Commenced UDTL's journey with its first manufacturing unit at Noida.

1985

1990 to 2000

- Expanded production line with the commencement of manufacturing of Stabilizers in 1992 and Gas Lift Valve (GLV) & Winch in 1995.
- Further strengthened UDTL's portfolio with the introduction Truck Mounted Winch.
- Strengthened UDTL's clientele by securing contracts from Government sector oil companies
- Marked UDTL's presence in the international market by exporting GLV in USA in 1996. Further, expanded its international presence by tapping the opportunities in the other international markets.

2006 to 2010

- Continue to enhance offering basket with the commencement of manufacturing of large OD casing pipe
- Strengthened UDTL's production capabilities by establishing a new manufacturing facility for production of stabilizer at Sector - 81, Noida (U.P.)
- Enhanced UDTL's international presence by exporting GLV to Singapore in 2006 and Stabilizer to Syria in 2008



## > 2001 to 2005

- Received ISO and API certification for its products
- Enhanced product portfolio with the commencement of production of Connectors
- Strengthened UDTL's international presence by exporting GLV to Indonesia in 2004

## > 2011 to 2015

- Accomplished a significant milestone by getting UDTL's products patented
- Further, strengthened UDTL's production capabilities by setting up two new manufacturing facilities at NSEZ (Noida Special Economic Zone) in Noida in 2013 and KSEZ (Kandla Special Economic Zone) in Kutch (Gujarat) in 2014. These units were focused on the production of winch and casing pipe and connector respectively.
- Crossed the ₹100 crores sales landmark
- Continue to strengthen UDTL's international presence by exporting connector to United Kingdom

## > 2016 to 2020

- Accomplished second major portfolio enhancement with the introduction of leopard connector, side pocket mandrel, and wireline GLV
- Commenced export of side pocket mandrel across different geographies



**“UDTL has created a platform for profitable and sustainable growth, which should manifest over the next few years as the broader market sentiment revives.”**



## From Chairman and MD's Desk

Dear Shareholders,

I am delighted to present another year of exemplary performance at UDTL. Despite the gloominess in the general economic scenario, and the macroeconomic challenges thrown by Covid-19 pandemic, FY20 was a watershed year for the Company. Thus, this year may not look productive perfunctorily, but actually it was a transformational year for our Company for various reasons.

First, the measures we proactively took during the year to enhance our international presence, keeping in mind our long-term sustainable growth strategy. In FY20, we focused on getting a solid grip on factors within our control instead of complaining about uncontrollable factors. Any strategy is only as good as the operational implementation it precedes. In this sense, FY20 confirmed our fundamental orientation in several respects.

Our management team was asked questions on performance, major challenges, shareholder success, performance improvement, and future goals, bearing in mind the business reality in the current situation. However, in my letter this year, I wish to communicate how UDTL is taking a differentiated approach towards building a sustainable future growth strategy, that helps us and our various stakeholders to successfully navigate these difficult times and shine when the tides turn.

### FY20 in retrospect

From a business standpoint, it was satisfying to note that we continued to strengthen our leadership position in the domestic market with our four product lines. Our growth

numbers in each business segment, i.e., domestic, international, and cumulative business, were immensely gratifying. More importantly, our order book continued to grow, which helped us sustain the growth momentum even as we faced a huge crisis towards the year end. We commenced bidding for tailor-made tenders with global giants of the oil-and-gas sector during the year. Moreover, we successfully bagged our single largest order from ONGC till date, worth ₹125 crores. The order's execution, if everything pans out well, is likely to take place in FY21.

Regarding financial performance, there are two ways to appraise the Company's performance during the last financial year. In the current situation, it was important that our Company had to further strengthen its working capital management – the heart of any business. Hence, we channelized our efforts towards reducing our different direct and indirect costs and have been able to achieve 53% reduction during the year while simultaneously enhanced our receivable cycle from 69 days in FY19 to 39 days in FY20. We showcased strong growth numbers in most of the key measurable financial parameters. Our order book for the year stood at ₹148.16 crores, an increase of 33% from the previous financial year. We enhanced our EBIDTA and PAT by 92% and 83% respectively. Our EBIDTA margin and PAT margin stood at 48.80% and 39.43% respectively in FY20, compared to 18.57% and 15.74% in the previous financial year. We enhanced our ROCE by 1,100 bps from 22% in FY19 to 33% in FY20, while our ROE increased by 900 bps (from 19% in FY19 to 28% in FY20). However, there

**It was satisfying to note that we continued to strengthen our leadership position in the domestic market with our four product lines. Our growth numbers in each business segment were immensely gratifying.**

are some areas which didn't match up to expectations – primarily, our topline growth. Although our sales throughput in terms of volume remained largely in line with our expectations, our average realisations enhanced significantly during the year owing to a higher concentration on high margin products.

### Strategy beyond numbers

More than numbers and performance, our success in some of our key strategic focus areas immensely pleased me. Being a forward thinker and leveraging our industry experience of more than three decades, we undertook some of the most decisive initiatives for the Company in 2019-20, aligned with our future growth strategy. We achieved a significant milestone, as we completed our registration process with the world's leading oilfield services provider's. Furthermore, we have business dealings and got registered with many major Oil Field Drilling Companies and Service Providers notably Cairn India, Focus Energy,

Quippo Oil & Gas, Baker Hughes, Halliburton, Schlumberger, Superior Energy, Qatar Petroleum, and HOEC. Further, we have agents and distributors in various countries such as Dubai, Venezuela, Vietnam, UAE, Oman, USA and Indonesia.

So, how do these help us create a sustainable growth strategy for the next decade?

All these oil service providers are big companies with worldwide project presence and are also big spenders. Thus, registering with these companies as drilling equipment suppliers not only elevates UDTL to the next league in terms of our international presence but also helps us enhance our export business. Most of these projects are long-term, which ensures a steady order inflow over the next foreseeable future. Additionally, it helps us sustainably grow our topline and bottom-line. Our export business currently contributes less than 5% to our overall revenue mix; with these registrations completed, we expect our export business order book to grow multifold over the next five years and contribute more than 30% to the overall business revenue.

Regarding our inorganic growth strategy, in the international market, we embarked on a couple of acquisitions focused around enhancing our presence in the Europe and South-East Asia region. Although discussions are at a very early stage. Successfully executing these acquisitions will greatly boost our topline and bottom-line growth and also help UDTL consolidate its identity in the international market. It would also help us expanding our offerings basket while making us technologically much more advanced organisation. Further, with an established presence of these companies in the international market, we have another avenue to push our products in the international space.

One may ask, is this the right time to go for these acquisitions?

As a progressive business leader, I feel the timing cannot be more perfect. With the gloominess in the global oil and gas industry owing to record-low oil prices and economic uncertainty, many established regional players are trying to exit the market. This provides us the right opportunity to strike a bargain deal.

Domestically, we are already a market leader and command a sizeable market share. To fortify our domestic presence, we have continued to focus on further enhancing our relations with key clients. The starting point of our business is understanding how best we can meet the diverse needs of our customers. We continued to use our rich industry expertise to ensure that we are well placed to understand our customer needs and provide holistic solutions while identifying future growth drivers so we can create shared value for our customers.

We put a great focus on understanding emerging trends and the wider context of the industry that we operate in as well as current consumer needs. This enables us to manufacture products that our customers love and to deliver solutions that maximize the growth opportunity for our customers. At UDTL, we sustained our investments on the technology front to leverage technology for the benefit of our customers. Our current transition to a research-led solution provider is an example of how we are investing in the technology of tomorrow, thereby further strengthening our business.

#### Industry scenario

India is an oil-dependent nation and produces only 17% – 18% of its total oil requirement. With the government's recent focus on becoming more self-reliant

**At UDTL, we sustained our investments on the technology front to leverage technology for the benefit of our customers.**

regarding nation's oil requirement, investment in our oil and gas sector is geared towards growth. As the investments grow, drilling activities are likely to pick up pace. This brings great business opportunities for us. Our government has already announced that India will receive investments of over \$118 billion across the oil and gas value chain in the next few years. This is a big positive for companies like ours, as this is likely to double the size of the domestic oil and gas industry over the next few years.

However, with the oil prices hitting record lows in the previous fiscal and the regulations gradually getting stringent, there has been subdued investment in the global oil and gas industry. This will surely have a negative impact on the short-term growth of the industry, in turn impacting us. However, with the OPEC members and the US reaching a consensus on the production cut, coupled with the salience of oil as major sources of power and fuel for the global population and the economic revival in the post-COVID-19 world, the global oil and gas industry is likely to get back on its growth track soon.

Further, the global drilling tools market is expected to grow at a CAGR of 4.75% to reach USD 8.61

billion by 2022 and with the increase in demand of the oil and its by-products, we expect our business to get fuelled by the increase in oil wells.

### The journey ahead

Our progress so far highlights the soundness of the investments and our upscale potential with long-term sustainability. Despite intermittent uncertainties, we have stuck to our vision of being a future-focused Company with a sustainable growth strategy, and we will continue doing so. Our organic growth continues unabated and we will undertake value-enhancing acquisitions whenever opportunities arise. We will prioritise reconciling scale with cost-competitiveness. Going forward, we shall continue to focus on returns on investments made over last few years and consolidation of our market presence. We would continue to focus on enhancing efficiencies, rationalizing costs and ensuring that working capital is tightened so as to further strengthen our balance sheet. These will help us deliver long-term value for all our stakeholders.

Finally, my message to all our stakeholders is that at UDTL, we have taken all the necessary initiatives to strengthen our international presence and enhance our portfolio in the last couple of years. UDTL has created a platform for profitable and sustainable growth, which should manifest over the next few years as the broader market sentiment is revived.

Rarely is a technology or product is inherently sustaining or disruptive. Therefore, it is our responsibility to make a tactical choice between taking a sustainable path or a disruptive one in the future. Our propensity for sustainable growth is profoundly affected by the interests of our different stakeholders. Thus, we will continue to adapt,



and adjust, be sustainable. We will allocate resources in a manner that will prioritise our long-term growth strategy that enhances our product portfolio, propels our international presence, improves our technological capability, and ensure that we don't inadvertently starve disruptive innovations meant for more niche markets. As a result, UDTL that will become increasingly visible across the industry landscape in the coming years. Further, we have and will continuously pursue our endeavour to build a strong export book in this year as well as in the coming years with our associations across the globe. Operating at around 30% of our total capacity, I am quite confident that going forward UDTL is more than capable of delivering incremental orders to the extent of 3x, at very minimal capex investment.

### Outlook

Given the current situation, we expect the months ahead to bring

a fair amount of challenges, but I am confident that the new UDTL is attractively positioned to address the existing and emerging needs. Given our current order book, and the tenders we have already bid for, we expect to grow our bottom line by another 10 to 15% in the current financial.

The success of the past years can be ascribed to a true team effort by all our employees under the guidance of our management and a committed, capable Board. On behalf of the Board, I would like to thank you, our shareholders, for your continued support. I remain enthusiastic about our possibilities for the future and UDTL's role in shaping it. I look forward to a year of transformation and value creation with you, our esteemed shareholders.

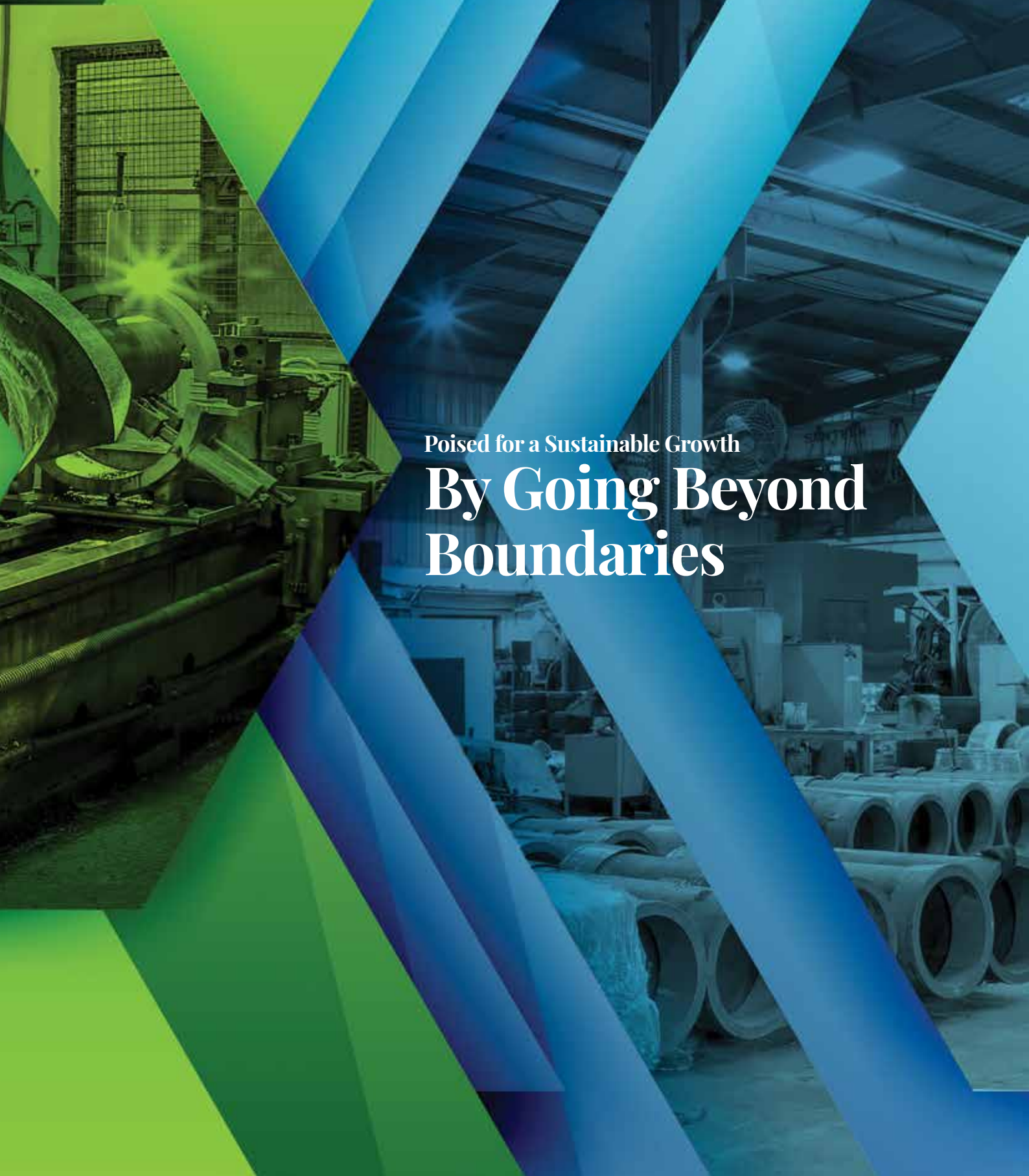
Thanks

**Pramod Kumar Gupta**  
*Chairman and Managing Director*



Poised for a Sustainable Growth

# By Going Beyond Boundaries



## At UDTL, having established a strong pan-India presence, we ventured into the overseas markets in 1996. Within a span of just more than two decades, our export presence grew from one country in 1996 to more than 16 countries at the end of FY2020.

However, our export revenues weren't in sync with our growing international presence and contributed less than 5% to the overall revenue mix. This was an area of concern for the management. In such a scenario it would have been easy for UDTL to give up; but we selected to stay in the fight instead.

As a proactive organisation, we realised that in a world increasingly vulnerable to volatility across markets and products, sustainable growth is largely derived from comprehensive de-risking.

Keeping this in mind, we focused on this geographical de-risking and strengthening our international presence over the last few years.

Built on our strong values, the Company took several forward-looking initiatives over the last couple of years to strengthen its international presence.

We focused on manufacturing products matching the highest quality standards in-line with global norms.

We focused on completing our registrations with the globally renowned oilfield services provider and with the leading exploration & production (E&P) companies of the world.

We focused on reinventing our bidding capabilities that would enable us to bid for customised tenders.

### Result

The FY20 turned out to be a watershed year in the history of UDTL for the following two reasons.

We have business dealings and got registered with many major Oil Field Drilling Companies and Service Providers notably Cairn India, Focus Energy, Quippo Oil & Gas, Baker Hughes, Halliburton, Schlumberger, Superior Energy, Qatar Petroleum, and HOEC. Further, we have agents and distributors in various countries such as Dubai, Venezuela, Vietnam, UAE, Oman, USA and Indonesia.

Two, UDTL commenced bidding for tailor-made tenders with global giants in the oil and gas sector.

Therefore, we expect, the UDTL of the future will be an attractive proxy of the robust growth coming out of a number of large and prominent customers both in the national and international markets.

We expect that the UDTL of the future will be a company with an ambitious target of generating 25% of revenues from export business.

We expect that the UDTL of the future will be a company with an ambitious target of generating

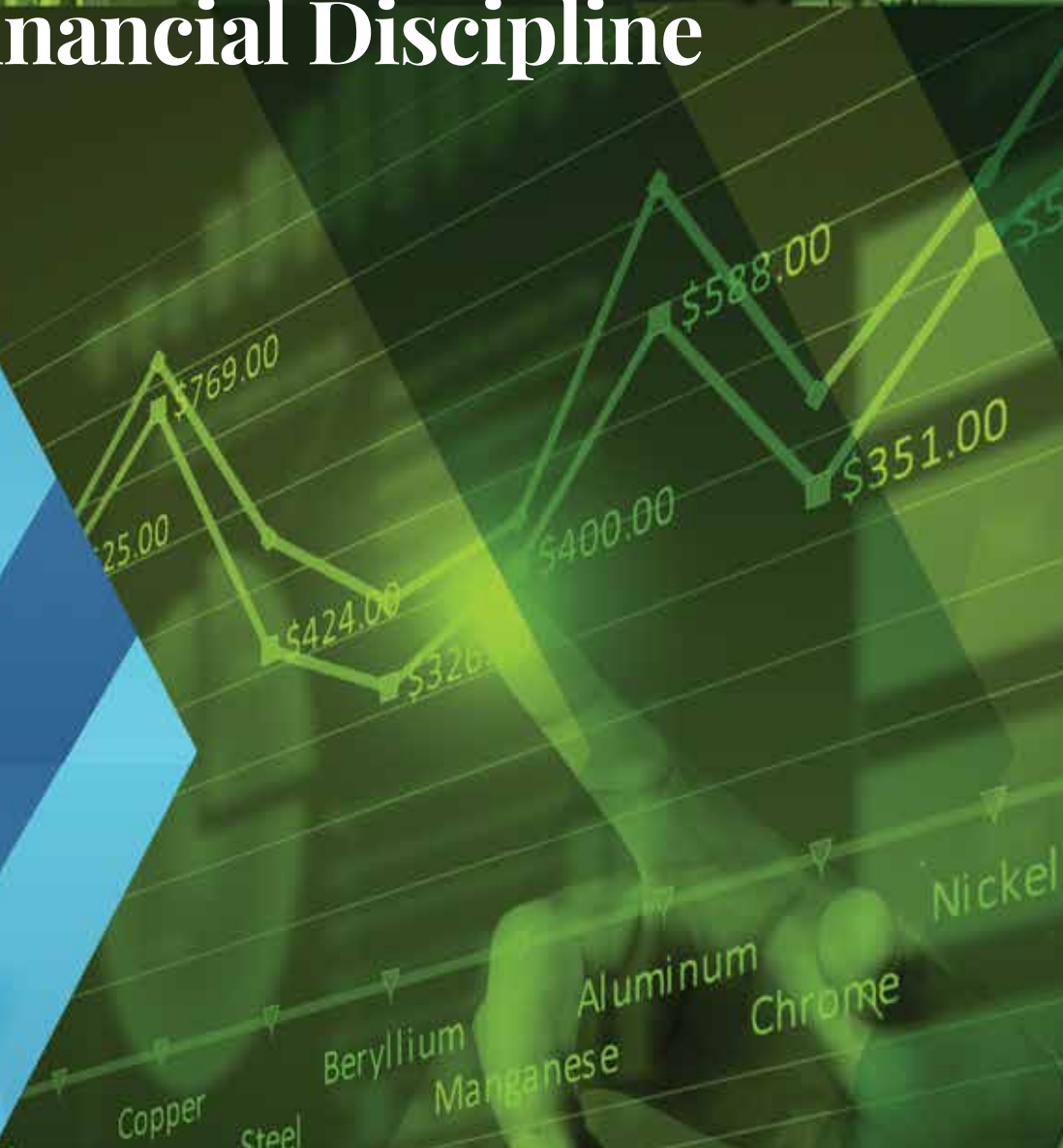
# 25%

of revenues from export business.



Poised for a Sustainable Growth

# By Practicing Financial Discipline



## In a world increasingly focused on growth, enduring success is largely derived from the ability to consistently generate incremental profits and margins.

Strong financials have always been a backbone of the growth and expansion that has transpired at UDTL.

At UDTL, we focused on enhancing value from the business that was distinct from the need to increase revenues. Through this distinction, the Company was able to send out a message across stakeholders that the Company prioritised the need to run a quality business over a quantity business.

The year under review was marked by acute labour shortage and logistics disruptions caused by weak market sentiment following the multi-decadal low national and international economic growth

and the outbreak of the pandemic Covid-19.

We navigated through these challenging times by practising financial discipline and plan to practice the same in the near future.

We practiced strict control over working capital management during the year. It helped moderate our external debts and interest costs.

We practiced optimisation of our overhead expenses and sales & administration expenses during the year. It helped moderate our overall expense by more than 50%.

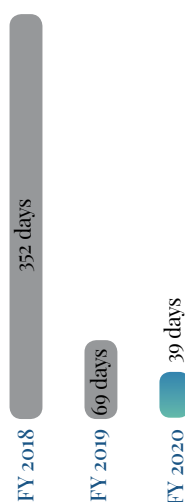
The challenges notwithstanding, UDTL moderated debt and interest

on the one hand while increasing business margins and returns on the other.

The strength of the Company's fundamentals has defined its growth trajectory. Whether a bullish or bearish market, UDTL has earned consistent profits and channelized the same towards different business development strategies.

The result is that this initiative will make the organisation proactively ready for the future leading to seamless growth as opposed to the conventional response of initiatives lagging growth resulting in staggered growth.

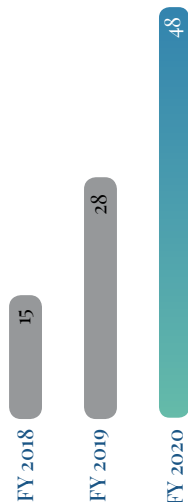
Debtor's cycle



EPS (₹)



Cash profit (₹ in crores)



We practiced optimisation of our overhead expenses and sales & administration expenses during the year. It helped moderate our overall expense by more than **50%**.

## Managing COVID-19 at UDTL

The outbreak of coronavirus continues to wreak havoc around the world, and it has affected millions of human lives in unfathomable ways. To prevent its spread, many nations had implemented complete or partial lockdown. The spread of the virus disrupted the global economy and consumer sentiment starting December 2019. However, the virus was declared a global pandemic by the World Health Organisation in March 2020.

Similarly, a countrywide lockdown was imposed in India in mid-March 2020, resulting in a screeching halt of major economic activities across sectors. The lockdown covered the comprehensive closure of offices, factories and public places. All international, interstate and intra-state travel was restricted and borders sealed to limit pandemic impact.

### How UDTL got impacted?

As the Company didn't fall in the essential services category, UDTL had to completely shutdown its manufacturing facilities for nearly 40 days.

Further, owing to the restriction in the movement of vehicles and many migrant workers returning to the hometown, the Company faced a labour shortage during the full and partial lockdown phase.

The Company's business was affected as the lockdown was announced in the last month of the financial year. The Company witnessed a decline in the offtake during March 2020 which in turn affected the performance during the fourth quarter of FY20.

### UDTL's responsiveness

UDTL moved with proactive speed in temporarily shutting its offices and manufacturing facilities. The Company issued COVID-19 alert as per WHO guidelines and adopted suitable measures to safe guard our employees while ensuring smooth functioning of the operations.

The Company also adopted adequate safety measures, including social distancing, wearing masks within the different facilities of the Company and multiple levels of sanitization have been implemented. Further, undertaken initiatives to protect mental, physical and financial well-being of the employees and factory workers.

## What makes UDTL an investment opportunity

We invest where there is long-term growth. We intend to expand our international presence to sustain our growth momentum.

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We continue to reinvest the profitability in the business, with ₹110.07 crores being reinvested, while ₹18.60 crores being distributed as dividends in last four years.

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We focus on strong governance structure. It is reflected in regular audits, safety checks, periodic and transparent communication with stakeholders at all times.

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We have generated ₹133.92 crores in cash profits in the last five years, validating the strength of the Company.

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We have delivered industry-leading performance by continuing to execute our robust long-term growth strategy with passion and with perfection.

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We have strategically deployed funds in a prudent way to give a healthy ROCE at 31.37% for FY20.

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We have widened our portfolio from one principal product (stabilizers) in 1992 to four key product lines and 20 sub-products in FY20.



## Our Strategy for Tomorrow

*Building on a proud past; creating a sustainable tomorrow.*

### Yesterday



UDTL started in a nascent market. Committed ourselves to addressing the longstanding need in India for being self-reliant in terms of oil and gas generation.

### Today



We are India's leading manufacturer of high-quality tools and equipment used in the upstream oil and gas exploration industry with a growing presence in the international market. We have a deep resident capacity for handling significantly large volumes of orders and deliver high quality products in the shortest possible time. Focussed on building a quality focused organisation, thereby delivering a world-class customer experience. Carved out our distinct USP – a modern technology-driven drilling equipment and tools manufacturing company.

### Tomorrow



We will continue to strengthen our position as leaders in the domestic market while focusing on creating pervasive presence in the international market. We intend to do so by pursuing further technological advancement, increased transparency, and superior product quality. We would to continue to enhance our portfolio and revenue streams, thereby creating a sustainable business model.



Yesterday	Today
We started as a small-time stabilizer manufacturer.	We are a leading manufacturer of oilfield equipment with both national and international presence.
2000	2020
<b>1</b> Product line .....	<b>4</b> Product line .....
<b>15%</b> Market share in the domestic market .....	<b>70%</b> Market share in the domestic market .....
<b>5</b> (crores) Average tender size .....	<b>200</b> (crores) Average tender size .....
<b>49.13</b> (lac) Revenue .....	<b>114.67</b> (crores) Revenue .....
<b>48.39</b> (lac) Gross block .....	<b>71.26</b> (crores) Gross block .....
<b>75</b> (lac) Order book .....	<b>148.16</b> (crores) Order book .....
<b>70+</b> Employee strength	<b>450+</b> Employee strength

## Our business model

Drivers for a sustainable growth

Our business model is simple. It is driven by our strategy and supported by UDTL's core values. It is focused on sustaining our Company's growth and returns over the longer term, while delivering strong performance in the shorter term.

Input	Business activities	Outputs	Outcomes	Improvement measures
<p><b>Financial capital</b> An appropriate mix of debt and equity funding</p> <p><b>Equity</b> ₹20.30 crores</p> <p><b>Interest-bearing liabilities</b> ₹0.42 crores</p> <p><b>Cash</b> ₹10.69 crores</p> <p><b>Experience</b> Three and a half decade of rich industry experience</p> <p><b>Manufacturing capital</b> 3 manufacturing units equipped with state-of-the-art technology and equipment</p> <p><b>Social and relationship capital:</b> Strong relationship with our suppliers, customers, renowned global companies, investors, logistic partners, and society at a large</p>	<p><b>Sustainable products portfolio</b></p> <ul style="list-style-type: none"> <li>• Unique product development strategy based on expertise, and consumer needs, thereby emerging as a solution provider</li> <li>• Enhanced our portfolio with niche, value-driven products thereby accelerating sales and reinforcing our volume-value positioning</li> <li>• Ensure our products regularly exceeds the quality needs of our national and international customers</li> </ul> <p><b>Responsible operations and supply chain</b></p> <ul style="list-style-type: none"> <li>• By achieving economies-of-scale UDTL tries to ensure product costs are competitive</li> <li>• To ensure that the manufacturing process, our operations and our products have low environmental impacts</li> <li>• Ensure safety and security at workplace for all our employees across the organisation</li> </ul>	<p><b>Status</b></p> <ul style="list-style-type: none"> <li>• Preferred oil drilling, production and exploration tools &amp; equipment supplier and market leadership position in India</li> <li>• Growing presence in the international market</li> <li>• Drilling equipment supplier to some of the biggest names in the global oil &amp; gas industry</li> <li>• Presence in more than 16 countries across the globe</li> </ul> <p><b>Profit generated in FY20:</b></p> <ul style="list-style-type: none"> <li>• ₹45.22 crores</li> </ul> <p><b>Manufacturing</b></p> <ul style="list-style-type: none"> <li>• Sustained investment in R&amp;D and technology, has helped the Company introduce new products such as Leopard Connector, Side packet mandrel and Wireline GLV.</li> <li>• Helped achieve an overall capacity utilisation of 40% and to produce efficiently with greater productivity</li> <li>• Strong process control, stringent quality checks, and round the clock monitoring</li> </ul>	<p><b>Scale and respect</b></p> <ul style="list-style-type: none"> <li>• One of the leading manufacturer of high-quality drilling equipment tools used in the upstream (global) oil and gas exploration industry</li> <li>• Largest player in the Indian oil and gas exploration industry</li> <li>• A respectable associate member of "International Association of Drilling Contractors (IADC)", South Asia Central Chapter 2019</li> </ul> <p><b>Customers</b></p> <ul style="list-style-type: none"> <li>• Trusted product quality, optimum customer satisfaction, product yield optimization and competitive pricing</li> <li>• Only Indian Company to have a presence across the value chain</li> </ul>	<p><b>Financial</b></p> <ul style="list-style-type: none"> <li>• Continued cost optimisation</li> <li>• Enhance the quantum of cash profit</li> <li>• Optimising the capital structure</li> </ul> <p><b>Manufacturing</b></p> <ul style="list-style-type: none"> <li>• Better capacity utilisation</li> <li>• Efficiency enhancement</li> <li>• Periodic technological upgradation</li> </ul> <p><b>People</b></p> <ul style="list-style-type: none"> <li>• Continued implementation of training and development programmes</li> <li>• Continued focus on gender diversity and transformation</li> <li>• Retention of skilled and talented employees</li> </ul>

Input	Business activities	Outputs	Outcomes	Improvement measures
<p><b>People</b> Skilled, diverse and motivated workforce supervised by experienced leadership team.</p> <p><b>Intellectual capital</b> Our capabilities to innovate and offer new and improved equipment backed by our highly qualified R&amp;D team.</p> <p><b>Natural capital</b> We are directly dependent on different natural resources and makes efforts towards reducing our environmental footprint.</p>	<p><b>Product and process development strategy</b></p> <ul style="list-style-type: none"> <li>Continuous investment in R&amp;D and technological upgradation across all manufacturing units to introduce new product lines and enhance efficiency</li> </ul> <p><b>Relationship management</b></p> <ul style="list-style-type: none"> <li>Focus on understanding the customers need accurately and working closely with them to build a sustainable portfolio</li> <li>Maintain strong relationship with the global and national oil &amp; gas major players</li> </ul> <p><b>People and integrity</b></p> <ul style="list-style-type: none"> <li>Continuous employee engagement programmes</li> <li>Leadership development</li> </ul> <p><b>Quality control</b></p> <ul style="list-style-type: none"> <li>Undertakes stringent quality control measures</li> </ul> <p><b>Technological enhancement</b></p> <ul style="list-style-type: none"> <li>Continuous and strategic investment in technological upgradation</li> <li>Highly automated manufacturing units, thereby reducing dependency on human labour</li> </ul>	<p><b>Relationship</b> Key clients, such as ONGC, Oil India, Welspun, Jindal, Man etc. of the Company has been in business with UDTL for more than 15 years now.</p> <p><b>People</b></p> <ul style="list-style-type: none"> <li>Enthusiastic and dynamic workforce of more than 450 employees</li> </ul> <p><b>State-of-the-art machinery</b></p> <ul style="list-style-type: none"> <li>Expertise in maintaining a precision of 1/1000th of an inch with our specialized CNC machines</li> </ul> <p><b>Quality quotient</b></p> <ul style="list-style-type: none"> <li>Received quality certifications – ISO 9001 : 2008, ISO 14001 : 2015</li> <li>OHSAS 18001 : 2007</li> <li>Received 5 product licenses such as API 19G1, API 19G2, API 5CT, API 7-1 &amp; API 5L</li> </ul>	<p><b>Giving back to the Society</b></p> <ul style="list-style-type: none"> <li>Actively participated towards developing a stronger India through various CSR initiatives covering areas like promoting education, elderly care, poverty eradication, and healthcare</li> </ul> <p><b>Shareholders and lenders</b></p> <ul style="list-style-type: none"> <li>₹18.60 crores paid in dividends in the last four years</li> </ul> <p><b>Quality</b></p> <ul style="list-style-type: none"> <li>Dedicated quality assurance team ensuring products are tested at each stage of the process. Thereby helps the Company match global quality standards.</li> <li>UDTL has gained widespread respect as a quality-focused drilling equipment manufacturer and marketer.</li> </ul> <p><b>People</b></p> <ul style="list-style-type: none"> <li>Employee cost as a percentage of revenue remained low, 9.9% in FY20</li> <li>Grew revenue per employee at a CAGR of 13.03% over the last 5 years</li> </ul>	<p><b>Natural</b></p> <ul style="list-style-type: none"> <li>Compliance with applicable local environmental law</li> <li>Continued investment in initiatives to minimise the environmental impact of our businesses</li> </ul> <p><b>Relationship</b></p> <ul style="list-style-type: none"> <li>Continue enhancing engagement with the clients, both on physical and digital platforms</li> <li>Focus on enhancing the brand value of the Company, widen the reach and tap new clients</li> </ul> <p><b>Social</b></p> <ul style="list-style-type: none"> <li>Continuous stakeholder engagement and management of their interests</li> <li>Enhance focus on the socio-economic development of the communities where we operate</li> </ul>

## Our Core Strengths

### Experienced management team

The Company has worked towards strengthening its Board by inducting members who have rich experience across industries and have helped many national & international companies grow sustainably. UDTL's Management team also consists of members who have deep industry experience. This is expected to further strengthen the Company's foundations as it launches into the next phase of growth.

### Presence across the value chain

Over the years UDTL has evolved itself from just a stabilizer manufacturer to a company that has a strong presence across the value chain in the oilfield drilling equipment industry, thus establishing itself as a solution provider with presence in downhole tools, wireline & well service equipment, gas lift equipment, and large OD casing pipe and connectors.

### Engineering excellence

The Company's engineering excellence is a manifestation of its superior intellectual capital and manufacturing processes. Backed by prudent team of engineers and quality control engineers, the Company leveraged its technology prowess and R&D capabilities to branch into manufacturing of different types of drilling tools while modernizing the existing product line.

### Technology focused manufacturing

With a constant focus on getting the best technologically advanced operational facilities, the Company has time and again revamped its operating facilities. Thus, today the Company possesses state-of-the-art manufacturing facilities which have helped the Company meet the globally accepted product standard and also helped gain its customer confidence over a period of time.





**Rich sectoral expertise**

The Company possesses a rich experience of 35 years, possessing rich client relationships, knowledge and quality accreditations. The Company is respected for its quality excellence derived from state-of-the-art equipment, deep sectoral knowhow and a hands-on approach.

**Rising global presence**

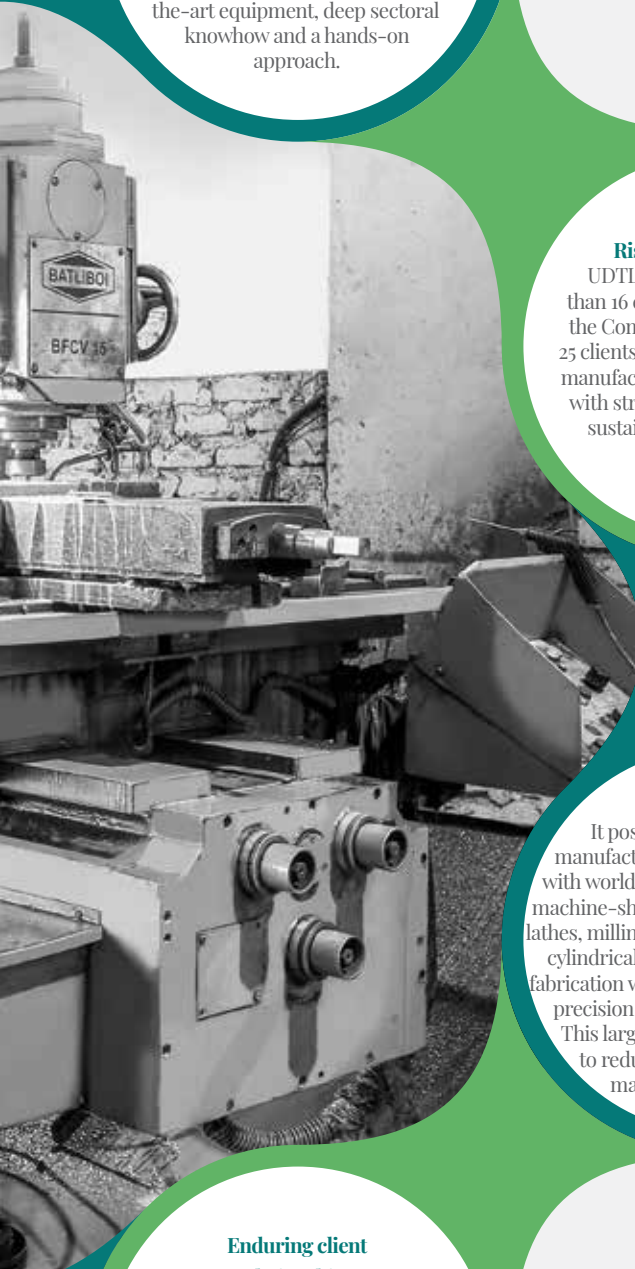
UDTL has a presence in more than 16 countries across the globe; the Company caters to more than 25 clients across the globe. Its strong manufacturing capabilities coupled with strong product portfolio this sustainably growing its global presence.

**Economies of scale**

It possesses industry leading manufacturing capabilities equipped with world class infrastructures such as machine-shop with CNC, special-purpose lathes, milling machines, drilling machines, cylindrical grinders, and assembly and fabrication workshops to check quality and precision at every step of production. This large-scale production helps it to reduce production costs and manufacture efficiently.

**Enduring client relationships**

The Company has been able to create and sustain strong long-term relationship with national and globally renowned major oil and gas players. This has helped it strengthen its revenue model and sustainably grow the Company's bottom line.





## ‘A Sustainable Tomorrow’ – what it means at UDTL

At UDTL ‘a sustainable tomorrow’ means

...rather than being satisfied with what we achieved in the previous year

We are more enthused about what we have set out to achieve – ₹500 crores revenues by 2025.

---

...rather than just building on the manufacturing capabilities

We are focused on building a Company that increasingly use technology at the centre of its manufacturing, while being driven by continuous innovation and prudent related-diversification.

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...rather than providing reasons for our previous year’s growth

We prefer showcasing our plan to sustain the momentum in the years to come – presence in more than 25 countries by 2025.

---

...rather than detailing the initiatives already implemented

We insist on focusing on our future initiatives that would help us sustain growth momentum – expand our international client base to more than 40-50 clients by 2025.

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**...rather than analysing yesterday's numbers**

We chose to emphasise on our growth drivers for tomorrow – create a pervasive product range by utilising our deep and broad industry expertise to provide durability and resilience in our business.

---

**...rather than blaming the external factors**

We intend to make our presence felt in the international scene by focusing on manufacturing top-quality products and through strategic acquisitions.

---

**...rather than look backing**

We are motivated about widening our horizons by continuing to emphasise on emerging as a drilling equipment solution provider rather than just a product seller.

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**...rather than getting bogged down by the critics**

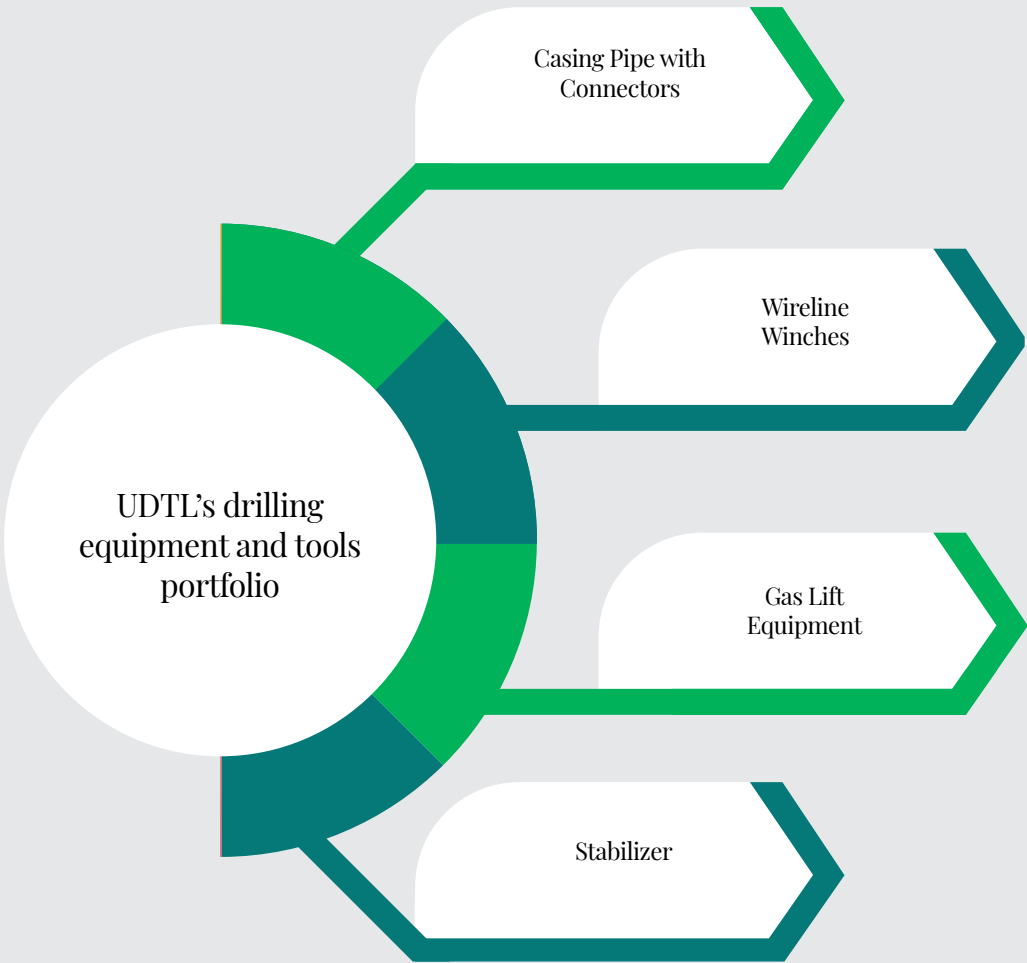
We are focused on creating value our clients and partnering our client in their growth journey as opposed to merely selling to them, reflecting the power of our growth strategy.

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# Business segment review

UDTL has been in the business of manufacturing drilling tools and equipment for three-and-a-half decades. The Company is arguably the largest in India in this space and one of the fastest growing players in the international space.

The Company manufactures these tools and equipment under four major product groups.



## Segment I

# Casing Pipe with connectors



Division status in Company  
**one**

Revenues, 2019-20

**74.63**

₹ crores

Revenue proportion

**68%**

Segment profit, 2019-20

**35.82**

₹ crores

Segment margin

**48%**

Order book

**128.99**

₹ crores

UDTL's share in the domestic  
market

**more than 50%**

**P**roduct function: During drilling of oil and gas wells, steel pipes are set in inside the drilled well. This is called Casing and it helps protect and support the well stream. Generally, casings are fabricated in sections, or joints, that are usually ~40 feet long and screwed together to form longer lengths of casing. One joint connected with other with the help of casing elevators. These elevators help grip a stand of casing, tubing, or drill pipe, so that the stand can be raised from or lowered into the hole.

**Product benefit:** Prevents the wall of the well from caving in.



## Segment II

# Wireline Winches



Division status in Company  
**one**

Revenues, 2019-20

**20.27**

₹ crores

Revenue proportion

**19%**

Segment profit, 2019-20

**5.27**

₹ crores

Segment margin

**26%**

Order book

**11.31**

₹ crores

UDTL's share in the domestic market

**50%**

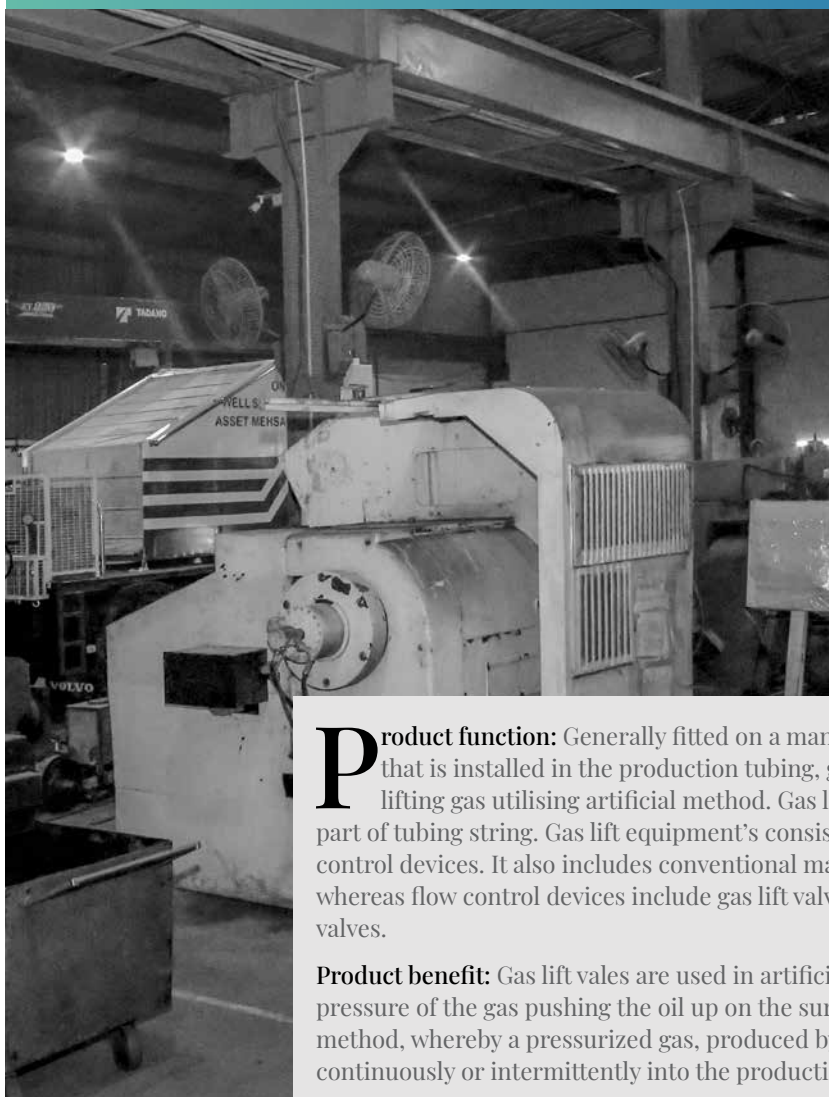
**P**roduct function: Self-contained and tough enough for the most oilfields, wireline winch is widely applied across the oil and gas industry for various purposes including well intervention and reservoir evaluation. Equipped with line speed, depth and tension measurement system in addition to fast jarring action of the reel unit which can insert and retrieve the flow control devices from the side pocket mandrel at any depth in the oil well with high accuracy.

UTDL manufactures four different types of wireline winches **Slim-split, Flyline, Truckline** and **Landline**.

**Product benefit:** Generally used for inserting and retrieving the flow control devices from the side pocket mandrel. Also used to lift gas equipment's.

## Segment III

# Gas Lift Equipment



Division status in Company  
**one**

Revenues, 2019-20

**10.86**

₹ crores

Revenue proportion

**10%**

Segment profit, 2019-20

**1.63**

₹ crores

Segment margin

**15%**

Order book

**1.87**

₹ crores

UDTL's share in the domestic market

**more than 50%**

**Product function:** Generally fitted on a mandrel (conventional or side pocket) that is installed in the production tubing, gas lifting equipment aid in lifting gas utilising artificial method. Gas lift equipment are installed as a part of tubing string. Gas lift equipment's consists of gas lift mandrels and flow control devices. It also includes conventional mandrels and side pocket mandrels whereas flow control devices include gas lift valve, orifice valve and dummy valves.

**Product benefit:** Gas lift vales are used in artificial lifting of oil when the natural pressure of the gas pushing the oil up on the surface is less. Utilising this artificial method, whereby a pressurized gas, produced by a nearby well, is injected continuously or intermittently into the production tubing to lift the fluids.

## Segment IV

# Stabilizer



## Division status in Company one

Revenues, 2019-20

**3.28**

₹ crores

Revenue proportion

**3%**

Segment profit, 2019-20

**0.49**

₹ crores

Segment margin

**15%**

Order book

**3.31**

₹ crores

UDTL's share in the domestic market

**more than 50%**

**Product function and utility:** Stabilizer is one of the components of drill string elements which is generally placed near bit or at the top of the drill string. In the drill string assembly, the drill bit is lowest component which is used to drill the well hole. Stabilizer's function is to smoothen the hole made by drill bit.

UDT offers two types of stabilizers namely integral blade stabilizer and replaceable sleeve stabilizer with different hard facing options to suit different drilling conditions and surfaces.

**Product benefit:** Stabilizers helps maintain drilling trajectory whether drilling straight, horizontal, or directional wells.

# Major highlights for the year

(on a consolidated basis)

Expanded our order book by 33% to stand at ₹148.16 crores

Successfully bagged the single largest order, ₹125 crores, in the history of UDTL from ONGC. The order is expected to get executed in FY21.

Further, we have bid for additional orders worth ₹200 crores. Expect to successfully convert nearly 70 to 80% of the orders, thanks to UDTL strong reputation and scale.

Expanded our bidding capabilities, by commencing bidding for tailor-made tenders with some of the oil and gas majors of the world.

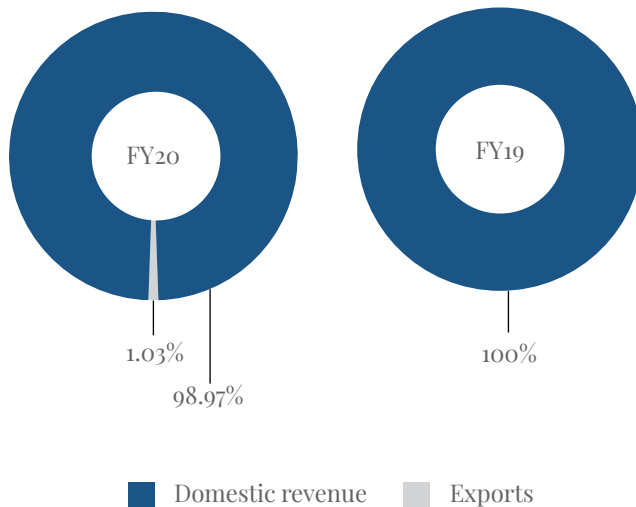
Enhanced revenue from the non-oil sector by 143%, during the year, to stand at ₹75.76 crores at the end of FY20.

Recorded a 320% growth in the sales of integrated connector segment, a high margin segment.

**218.55%**  
CAGR growth over the last five years, sustained order book growth

**Outlook**  
Bid for fresh orders worth ₹100 crores in the L1 category in FY21

## Region wise revenue break up



## Sectoral optimism

- India's rising population and growing affordable class is expected to drive demand for oil and gas industry
- Indian oil exploration & production (E&P) companies are expected to see double digit growth in the years ahead
- The international market for drilling tools is expected to grow by nearly USD 1 billion over the next couple of years
- Favourable government policies. The Indian government has recently introduced a policy to encourage indigenous manufacturers of drilling tools. The government has mandated that any government tender less than ₹200 crores need to be sourced from indigenous manufacturers only.



# Spreading Smiles

## UDTL's Social Commitment

At UDTL, we see our social commitments as an integral part of our stakeholder engagement strategies. As a proactive organisation, we embarked on our corporate social responsibility initiatives even before the concept became popular.

We strive to contribute towards social and economic development of communities in which we operate. At UDTL, we adopted a holistic approach to empower the weaker sections of society in line with the national and regional priorities, offering them means to improve their standard of living. With our aim to ensure inclusive growth, we continue to touch lives through our sustained efforts.

At a time when the areas proximate to our operations were

marked by inadequate primary health care, poor educational support, and limited destitute care and rehabilitation, the Company recognized its duty to the location.

Today, UDTL's broad interventions cover education, healthcare and community development. The Company contributed ₹40.6 lakhs in 2019-20 (₹28.07 lakhs in 2018-19) for the development and betterment of the communities.

### Our areas of intervention



Promotion of  
Healthcare



Senior citizen  
care



Promoting  
education



Eradicating  
poverty



Infrastructure  
development



**HIGHLIGHTS FY 2019-20**

- In association with the Swami Vivekananda Medical Mission organised eye check-up camps focusing on women, the elderly and other vulnerable individuals in regions like Paschim Vihar, Delhi and Pitampura, Delhi.
- Helped different NGOs such as The Earth Saviours Foundation, Saint Hardy Educational and Orphans Welfare Society (SHEOWS), and Rajkeya Vriddha & Ashakta Griha Mahila (Banaras) in setting up old age homes for helpless, destitute and abandoned elderly.
- Joined hands with several NGOs such as Lex Alliance Foundation, Care India Welfare Trust, Akshya Pratisthan, Rasta, Surya Sansthan,

and Pahal Society for Development for promoting education and distribution of learning materials in the regions like Noida and Delhi.

- Funded various poverty eradicating initiatives of different social welfare organisations such as distribution of Blankets in Delhi NCR, Distribute packed food with the help of Care for Life Charitable Trust, and Installation of water cooler at ISKCON, Bhilwara.
- Funded renovation and construction of homes and hostels for the women, blind and orphans, in association with Physically Handicapped Welfare Society.
- The Company contributed ₹1.00 lakhs in the PM CARES Fund to help the Government fight the

COVID-19 pandemic better and distribute face Mask, sanitizer and hand wash of an amount ₹75,000/-

- The Company provided relief through food distribution to eradicate hunger and healthcare assistance to the needy during the COVID-19 pandemic.

**Funded renovation and construction of homes and hostels for the women, blind and orphans, in association with Physically Handicapped Welfare Society.**



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

1. Mr. Pramod Kumar Gupta DIN: 00619482	: Chairman and Managing Director
2. Mr. Kanal Gupta DIN: 01050505	: Whole Time Director
3. Mr. Krishan Diyal Aggarwal DIN: 00861164	: Non-Executive Independent Director
4. Mr. Pandian Kalyanasundaram DIN: 02568099	: Non-Executive Independent Director
5. Mr. Inderpal Sharma DIN: 07649251	: Whole Time Director
6. Ms. Twinkle Singh DIN: 07777298	: Non-Executive Independent Director

### CHIEF FINANCIAL OFFICER

Mr. Arun Kumar Thakur

### COMPANY SECRETARY

Mr. Pramod Kumar Ojha

### COMMITTEES OF BOARD AS ON 31ST MARCH, 2020

#### AUDIT COMMITTEE

1. Mr. Pandian Kalyanasundaram	: Chairman
2. Mr. Krishan Diyal Aggarwal	: Member
3. Ms. Twinkle Singh	: Member

#### NOMINATION AND REMUNERATION COMMITTEE

1. Mr. Krishan Diyal Aggarwal	: Chairman
2. Mr. Pandian Kalyanasundaram	: Member
3. Ms. Twinkle Singh	: Member

#### STAKEHOLDERS RELATIONSHIP COMMITTEE

1. Mr. Pandian Kalyanasundaram	: Chairman
2. Mr. Krishan Diyal Aggarwal	: Member
3. Mr. Kanal Gupta	: Member

#### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

1. Mr. Krishan Diyal Aggarwal	: Chairman
2. Mr. Pandian Kalyanasundaram	: Member
3. Mr. Pramod Kumar Gupta	: Member

### AUDITORS

#### STATUTORY AUDITORS

R S Dani & Co.

Chartered Accountants

Kothari Complex, Near GPO,

Bhilwara, Rajasthan - 311001

#### INTERNAL AUDITORS

Pankaj Priti & Associates

Chartered Accountants

1027, 10th Floor, Roots Tower, Laxmi Nagar, New Delhi - 110092

#### SECRETARIAL AUDITORS

Balraj Sharma & Associates

Company Secretaries

206 Munish Plaza, 20 Ansari Road, Opp. Fire Station, Darya Ganj,  
New Delhi - 110002

#### REGISTERED OFFICE

United Drilling Tools Limited

139A, First Floor, Antriksh Bhawan, 22 Kasturba Gandhi Marg,  
New Delhi-110001 IN

Tel. No. 011-43046254

#### HEAD OFFICE

United Drilling Tools Limited

A-22, Phase-II, Noida, Distt. Gautam Budh Nagar,  
Uttar Pradesh - 201305

Tel. No. 0120-4842400

#### MANUFACTURING UNITS

1. C-41, Sector -81, Noida Distt. Gautam Budh Nagar, Uttar Pradesh  
- 201305

2. Plot No. 523, New Area, KSEZ, Gandhidham, Kutch- 370230

3. Plot No. 129G/25-26, NSEZ, Noida, Uttar Pradesh - 201305

#### REGISTRAR AND SHARE TRANSFER AGENT

Alankit Assignments Limited, 4E/2, Alankit Heights,

Jhandewalan Extension, New Delhi-110055

Tel. No. 011-42541956

**Website** : WWW.UDTLTD.COM

**Investor E-mail** : COMPSECT@UDTLTD.COM

**CIN** : L29199DL1985PLC015796

**Financial Year** : 1st April to 31st March

**Scrip Code** : 522014

#### LISTING OF EQUITY SHARES

BSE Limited

P J Tower, Dalal Street,

Mumbai – 400001 MH

#### BANKER

1. Allahabad Bank

2. Axis Bank

#### 38<sup>TH</sup> ANNUAL GENERAL MEETING

Monday, 28th day of September, 2020 at 11:00 AM, AGM through  
Video Conferencing / Other Audio Visual Means (VC/OAVM) facility.

**Deemed Venue for meeting** : Registered office of the Company

## NOTICE

NOTICE is hereby given that the thirty eighth Annual General Meeting of members of United Drilling Tools Limited ('the company') will be held on Monday the 28th day of September, 2020 at 11:00 AM through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM'), to transact the Following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited standalone Financial Statements of the Company for the financial year ended March 31, 2020, together with the reports of Board of Directors and Auditor's thereon;

To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary resolution**.

**"RESOLVED THAT** the audited financial statement of the Company for the financial year ended March 31, 2020 and the report of the Board of Directors and Auditors thereon, as circulated to the members, be and are hereby considered and adopted."

2. To appoint a Director in place of Mr. Inderpal Sharma, having DIN: 07649251, who retires by rotation and being eligible, offers himself for re-appointment.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary resolution**.

**"RESOLVED THAT** in accordance with the provisions of section 152 and other applicable provisions of the Companies Act, 2013, Mr. Inderpal Sharma (DIN: 07649251), who retire by rotation at this meeting be and is hereby appointed as a Director of the Company."

3. To confirm the payment of two Interim dividend and one Special Dividend for the Financial Year ended March 31, 2020 aggregating to ₹4.60/- per Equity Share out of the surplus in the profit and loss account of the Financial Year ended March 31, 2020.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary resolution**.

**"RESOLVED THAT** interim dividends paid by the Company to its members aggregating to ₹4.60/- per equity share of ₹10/- each fully paid up of the Company, as recommended by the Board of Directors for the FY ended March 31, 2020 be and are hereby approved and confirmed and the same was paid out of the profits of the Company for the said FY."

### SPECIAL BUSINESS:

4. Increase in the remuneration of Mr. Pramod Kumar Gupta (DIN: 00619482), Chairman and Managing Director of the Company.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary resolution**.

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) as amended and effective from 2018 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V as amended, of the said Act and remuneration policy and performance evaluation and subject to such consents, approvals or permissions required from any statutory authorities as may be necessary, the consent of the members of the Company be and is hereby accorded for increasing the remuneration of Mr. Pramod Kumar Gupta (DIN: 00619482), the Chairman and Managing Director of the Company up to ₹20,00,000/- per month (which includes all perquisite and allowances) with effect from 29th September, 2020 till 20th December, 2022 upon such terms and conditions as set out in the explanatory statement to the notice, as decided by Board of Directors of the Company on recommendation of nomination and remuneration committee of the Company.

**RESOLVED FURTHER THAT** the consent of the members of the Company be and is hereby also accorded that where in any financial year, the Company has no profits or inadequate profits as contemplated under the amended provisions of schedule V of the Companies Act, 2013, then remuneration as decided above be paid in accordance with the provisions of the Companies Act, 2013 read with Schedule V of the Act.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized (which term shall always be deemed to include any Committee as constituted by the Board) to vary the remuneration specified above from time to time as may be required to the extent the Board of Director may consider appropriate in accordance with the applicable provisions of Companies Act, 2013, any rules, regulations and schedules made there under for the time being in force.

**RESOLVED FURTHER THAT** any director of the Company and/or company secretary of the Company, be and are hereby authorized to do all such acts, matters, deeds and things necessary or desirable in connection with, or incidental to, giving effect to the above resolution, including filing of the resolution/application(s) with the Registrar of Companies, NCT of Delhi & Haryana, and any other authority, if any and to comply with all requirements in this regards."

For and on behalf of the Board  
**United Drilling Tools Limited**

sd/-

**Pramod Kumar Gupta**

Managing Director

DIN: 00619482

Date: 25/08/2020

Place: Noida



## NOTES:

- (i) In view of Covid-19 pandemic, social distancing norms and restrictions on movement of persons at several places in the country and pursuant to General Circular Nos.14/2020, 17/2020 and 20/2020 dated April 8, 2020, April 13, 2020 and May 5, 2020, respectively (collectively referred to as 'MCA Circulars') issued by the Ministry of Corporate Affairs ('MCA') and Circular No. SEBI/HO/CFD/CMD1/CIR/P/202079 dated May 12, 2020 issued by the Securities and Exchange Board of India ('SEBI Circular') permitted the holding of the Annual General Meeting ('AGM') through VC/OAVM, without the physical presence of the Members. In compliance with the provisions of the Companies Act, 2013 ('the Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), MCA Circulars and SEBI Circular, the AGM of the Company is being held through VC/OAVM which does not require physical presence of members at a common venue. The proceedings of the AGM will be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the AGM.
- (ii) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
- (iii) The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- (iv) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
- (v) Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
- (vi) In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the has been uploaded on the website of the Company at [www.udtld.com](http://www.udtld.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
- (vii) An Explanatory Statement, pursuant to Section 102(1) of the Act, relating to special business of the accompanying Notice are annexed hereto. A statement providing additional details of the Directors along with their brief profile who are seeking re-appointment as set out at Item Nos. 2 of the Notice dated August 25, 2020 are annexed herewith as per Regulation 36 of the Listing Regulations, as amended and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India ('ICSI').
- (viii) Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with in line with the MCA Circulars and SEBI Circular. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
- (ix) Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/ JPG Format) of its Board or governing body Resolution/ Authorization etc., authorizing its representative to attend the AGM through VC/OAVM on its behalf and to vote through remote E-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to [balrajsharmafcs@gmail.com](mailto:balrajsharmafcs@gmail.com) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (x) The voting rights of Members shall be in proportion to their share in the paid up equity share capital of the Company as on the **cut off-date of Monday, September 21, 2020**.
- (xi) The Company's Statutory Auditors, M/s R S Dani & Co., were appointed as Statutory Auditors of the Company for a period of five (5) consecutive years at the AGM of the Members held

on September 20, 2019 on remuneration to be determined by the Board of Directors. Pursuant to the amendment made by the Companies (Amendment) Act, 2017, effective from September 20, 2019, it is no longer necessary to seek the ratification of the shareholders for continuance of the above appointment. Hence, the Company is not seeking the ratification of the shareholders for the appointment of the Statutory Auditors.

- (xii) Pursuant to section 124 of the Companies Act, 2013, Investor Education and Protection Fund Authority (Accounting, Audit, Transfer & Refund) Rules, 2016 read with the relevant circular and amendments thereto ('IEPF Rules') the amount of Dividend which remaining unpaid or unclaimed for a period of seven years shall be transferred by the Company to the Investor Education and Protection Fund, constituted by the Central Government. Members who have not encashed their dividend warrants so far in respect of the aforesaid periods, are requested to make their claims to the Company Secretary of the Company, at the Company's Registered Office, well in advance of the above due dates. Pursuant to the provisions of IEPF Authority, IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on March 31, 2019 on the website of the Company at [www.udtltd.com](http://www.udtltd.com) and also on the website of the Ministry of Corporate Affairs ([www.mca.gov.in](http://www.mca.gov.in)).
- (xiii) To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.
- (xiv) As per the provision of Section 72 of the Act, facility for making nomination(s) is now available to Individuals holding shares in the Company. Members holding shares in physical form may obtain the Nomination Form from the Company's website at [www.udtltd.com](http://www.udtltd.com). Members holding shares in demat mode should file their nomination with their Depository Participants ('DPs') for availing this facility.
- (xv) As per Regulation 40 of the SEBI Listing Regulations, as amended, securities of listed companies can only be transferred in demat form with effect from April 1, 2019, except in case of request for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holding to demat form, Members can contact the Company for assistance in this regard.
- (xvi) 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 Assignments Limited (RTA).
- (xvii) 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.
- (xviii) 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.
- (xix) Members seeking any information with regard to the Accounts or any matter to be placed at the AGM, Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, Register of Contracts or Arrangements in which directors are interested under Section 189 of the Act, and relevant documents referred to in the accompanying Notice and in the Explanatory Statements are requested to write to the Company through email on [compsect@udtltd.com](mailto:compsect@udtltd.com). The same will be replied by the Company suitably.
- (xx) Attendance of the Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- (xxi) 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 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, Bank Details and present address proof to the Company / Alankit Assignments Limited (RTA). Further they are requested to make its holding in demat form as earlier because trading of shares in physical form is restricted by the SEBI.
- (xxii) In terms of Section 152 of the Companies Act, 2013, Mr. Inderpal Sharma having DIN: 07649251, Director, retire by rotation at the meeting and being eligible, offer himself for re-appointment. The Board of Directors of the Company recommends such re-appointment. Brief resume of Director 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 regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are provided in the Corporate Governance Report forming part of the Annual Report.

(xxiii) 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.

(xxiv) The Register of Members and Share Transfer Books of the Company will be closed from Monday, September 21, 2020 to Monday, September 28, 2020, both days inclusive for annual closing.

(xxv) Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.

## Explanatory Statement

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

The following Explanatory Statement, as required under Section 102 of the Companies Act, 2013 ('the Act'), set out all the material facts relating to the business proposed to be transacted under Item Nos. 04 of the accompanying Notice dated August 25, 2020.

### Item No. 04

Mr. Pramod Kumar Gupta is holding office as Chairman and Managing Director of the Company in terms of his re-appointment approved by the members at 35th Annual General Meeting of the Company held on 25th September 2017 for five years w.e.f. 21st December, 2017 to 20th December, 2022.

During the tenure of Mr. Pramod Kumar Gupta as Chairman and Managing Director of the Company, the Company has achieved growth in performance of the Company, improvements were noted in sales turnover, cost reduction, operational efficiencies and bottom line figures. Further under his consistent strategic efforts the Company is expected to achieve growth in future.

In lieu of the above, the Board of Directors of the Company at their Meeting held on 25th August, 2020 on the recommendations of the Nomination and Remuneration Committee had approved the increase in remuneration of Mr. Pramod Kumar Gupta as hereunder subject to the approval of shareholders of the Company:

Name & Designation	Period of appointment / re-appointment	Salary including allowances & perquisites per month (₹)
Pramod Kumar Gupta (Chairman and Managing Director)	5 years w.e.f. 21/12/2017 to 20/12/2022	Up to ₹15,00,000 from 20/09/2019 to 28/09/2020 and Up to ₹20,00,000/- from 29/09/2020 till 20/12/2022

The above monthly remuneration shall include all perquisites and allowances except those which are excluded as per amended schedule V of Companies Act, 2013 such as:

- Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.**
- Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and**
- Encashment of leave at the end of the tenure.**

The above remuneration as aforesaid to be allowed to the Chairman and Managing Director shall be subject to such limits for this remuneration as laid down by the Companies Act, 2013 as amended from time to time.

The Scope and quantum of remuneration and perquisites specified hereinabove, may be fixed, enhanced, enlarged, decreased,

widened, altered or varied by the Board of Directors in the light of and in conformity with any amendments to the relevant provisions of the Companies Act and / or the rules and regulations made there under and / or such guidelines as may be announced by the Central Government from time to time.

In absence of or inadequacy of profits in any financial year during the currency of tenure of the appointee, the aforesaid remuneration will be paid as the minimum remuneration subject to the provisions of Section II of Part II of amended Schedule V of the Companies Act, 2013 or such other amount to time or an equivalent statutory re-enactments thereof.

The Company shall pay to or reimburse the Chairman and Managing Director and he shall be entitled to be paid and / or to be reimbursed by the Company all costs, charges and expenses that may have been or may be incurred by him for the purpose of or on behalf of the Company.

## STATEMENT PURSUANT TO SECTION II OF PART-II OF SCHEDULE V OF THE COMPANIES ACT, 2013

I. General Information				
(1)	Nature of Industry	UNITED DRILLING TOOLS LTD. is a leading manufacturer of wire line & well service equipment, Gas lift equipment, Downhole tools and large OD casing pipe and connectors in the world		
(2)	Date or expected date of commencement of commercial production	The Company commenced its commercial production on 30.05.1986		
(3)	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable		
(4)	Financial performance based on given indicators	(Amt. in Lac)		
		2016-2017	2017-2018	2018-19
	Paid up Capital	2019.22	1015.15	2030.31
	Reserve & Surplus	8993.44	10118.74	11133.50
	Revenue from operation	8038.31	7342.65	15619.83
	Other Income	135.91	48.41	92.97
	Total Revenue	8174.22	7391.06	15712.80
	Profit before tax	2119.93	1378.04	2530.58
	Profit after tax	2085.13	1273.12	2473.55
(5)	Foreign investments or collaborations, if any	The Company has not entered into any Foreign Collaboration but foreign investment has been made into the Company		
II. Information about the appointees				
(1)	Background details	Mr. Pramod Kumar Gupta, 72 years has vast experience in the field of Manufacturing of Oil drilling equipment. He is Chairman and Managing Director of United Drilling Tools Limited since 1986. He was Industrial / Application Engineer from 1969 to 1975 in Sargent Welch Scientific Company Skokie, Illinois, USA & Colt Industries, Kansas City, KS, USA and Manufacturing Manager / Managing Corporate Planning from 1975 to 1982 in Smith International INC. & Combustion Engineering, CA, USA.  He was Past President in International Marketing Co. Los Angeles, CA, USA from 1982 to 1996.		
(2)	Past remuneration	₹15,00,000/- per month including all perquisite and allowances		
(3)	Recognition or awards	None		
(4)	Job profile and his suitability	The Job required high level of planning, vision and strategy, techno commercial and leadership skills. It also calls for in depth understanding of the oil industry.  Mr. Pramod Kumar Gupta having vast experience of Corporate Management and particularly of oil industry and successfully working as a Chairman and Managing Director of the Company. He is ideally suited for the job.		
(5)	Remuneration proposed	The details of remuneration are set out above in Explanatory statement.		
(6)	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The salary proposed to be paid is in line with current industry standards based upon size and operations of company.		
(7)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Mr. Pramod Kumar Gupta holds approx. 70% of equity shares of the company. Mr. Kanal Gupta S/o Mr. Pramod Kumar Gupta is a Whole time Director in the Company.  Mr. Kanal Gupta also receive a remuneration ₹3,50,000/- per month including all perquisite and allowances		



**III. Other information**

(1)	Reasons of loss or inadequate profits	Factors such as general economic slowdown and consequent adverse market costs and high financial cost have severally affected the margins for products manufactured by the company.
(2)	Steps taken or proposed to be taken for improvement	The company has initiated steps as cost control, borrowing, at cheaper rates and improving efficiency etc. Though the prices of raw materials and products are influenced by the external factors. The Company is making all possible efforts to improve the margins.
(3)	Expected increase in productivity and profits in measurable terms.	The Company is very conscious about improvement in productivity and undertakes constant measure to improve it. Looking at the past performance and efforts being made during the year, the Company is expecting to achieve increase in productivity as well as in profits of the Company.

**Brief information about Mr. Pramod Kumar Gupta as per Secretarial Standard -2 on General Meeting is appended below:**

Name of Director	Mr. Pramod Kumar Gupta
DIN	00619482
Date of Birth	01/01/1948
Age	72
Nationality	Indian
Date of First Appointment on the Board	21/08/1985
Qualifications	a) B.E. (Mechanical Engineering) from Birla Institute of Technology, Ranchi, India b) M.S. (Industrial Engineering) from Kansas State University, U.S.A.
Experience	Mr. Pramod Kumar Gupta has vast experience in the field of Manufacturing of Oil drilling equipment. He is Chairman and Managing Director of United Drilling Tools Limited since 1986. He was Industrial / Application Engineer from 1969 to 1975 in Sagent Welch Scientific Company Skokie, Illinois, USA & Colt Industries, Kansas City, KS, USA and Manufacturing Manager / Managing Corporate Planning from 1975 to 1982 in Smith International INC. & Combustion Engineering, CA, USA.  He was Past President in International Marketing Co. Los Angeles, CA, USA from 1982 to 1996.
Number of shares held in the Company	1, 43, 63,800 equity Shares (70.75%)
Terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid and remuneration last drawn	Re-appointed as Chairman and Managing Director at 35th Annual General Meeting of the Company held on 25.09.2017 for five years w.e.f. 21st December, 2017 to 20th December, 2022.  Proposed remuneration – As specified above in the explanatory Statement  Remuneration last drawn – ₹15 Lakh per month including all perquisites and allowances (as per schedule V of the Companies Act, 2013- as it was case of inadequate profitability)
Number of Meetings of the Board attended during the financial year 2019-20	No. of meeting held – 07 No. of meeting attended - 07
Disclosure of relationships between directors inter-se	Mr. Kanal Gupta, Whole Time Director of the Company is Son of Mr. Pramod Kumar Gupta
Disclosure of relationship with Manager and other Key Managerial Personnel of the company	No
Names of listed entities* in which he holds the directorship and the membership of the Committees of the Board (i.e., Audit Committee/ Nomination and Remuneration committee)	Nil

\* Excluding United Drilling Tools Limited

Accordingly, the Board recommends the Special resolution set out in item no. 4 of the notice for the approval of the members of the Company.

Save and except Mr. Pramod Kumar Gupta and Mr. Kanal Gupta, none of the other Directors or Key Managerial Personnel of the Company and their respective relatives is, in any way, concerned or interested, financially or otherwise, in the proposed special business as set out in item no. 4.

**Additional Information of Directors being appointed/re-appointed as required under Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India, in order of the items mentioned in the Notice**

Name of Director – Mr. Inderpal Sharma (DIN: 07649251)		
1.	Reason for Change	Re-appointed due to retire by rotation
2.	Date of Birth	15-12-1969
4.	Brief Profile	Mr. Inderpal Sharma, Executive Director / Whole Time Director of the Company is a Diploma in ITI (Fitter) having vast experience in the Field of petroleum product such as manufacturing of oil and gas equipment.
5.	Disclosure of Relationship	Not having any relation with the other members of Board except drawing salary as a employee of the company.
6.	Directorship/Membership in other Public Company	Nil
7.	No. of Shares Held in UDTL	Nil

For and on behalf of the Board  
**United Drilling Tools Limited**

sd/-

**Pramod Kumar Gupta**

Managing Director

DIN: 00619482

Date: 25/08/2020

Place: Noida

## THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:

1. The voting period begins on Friday, September 25, 2020 at 10:00 AM and ends on Sunday, September 27, 2020 at 05:00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Monday, September, 21, 2020 of September, 21, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
2. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
3. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
4. Click on "Shareholders" module.
5. 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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- OR
- Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on e-Voting option and proceed directly to cast your vote electronically.
6. Next enter the Image Verification as displayed and Click on Login.
7. 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 e-voting of any company, then your existing password is to be used.
8. If you are a first time user follow the steps given below:

For Shareholders holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details OR 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. <ul style="list-style-type: none"> <li>• 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 (5).</li> </ul>

9. After entering these details appropriately, click on "SUBMIT" tab.
10. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
11. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
12. Click on the EVSN for the relevant <Company Name> on which you choose to vote.
13. 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.
14. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
15. 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.
16. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
17. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
18. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

19. Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**PROCESS FOR THOSE SHAREHOLDERS WHO'S EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders- please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to Company/RTA email id.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 8 (Eight) days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [compsect@udtltd.com](mailto:compsect@udtltd.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 (Seven) days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at

[compsect@udtltd.com](mailto:compsect@udtltd.com). These queries will be replied to by the company suitably by email.

6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

**INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

**Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
- 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 linked in the login 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.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and

to the Company at the email address [compsect@udtltd.com](mailto:compsect@udtltd.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, 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) or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

#### OTHER INSTRUCTIONS

1. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote E-voting and make, not later than 48 (forty eight) hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same.
2. The result declared along with the Scrutinizer's Report shall be placed on the Company's website at [www.udtltd.com](http://www.udtltd.com) and on the website of NSDL at <https://www.evoting.nsdl.com>

immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

3. Any person, who acquires shares of the Company and becomes Member of the Company after the Company sends the Notice of the AGM by email and holds shares as on the cut-off date Friday, August 28, 2020 may obtain the User ID and password by sending a request to the Company's email address at [compsect@udtltd.com](mailto:compsect@udtltd.com). However, if you are already registered with CDSL for remote E-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evotingindia.com](http://www.evotingindia.com).
4. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote E-voting or casting vote through E-voting system during the meeting.

For and on behalf of the Board  
**United Drilling Tools Limited**

sd/-

**Pramod Kumar Gupta**

Managing Director

DIN: 00619482

Date: 25/08/2020

Place: Noida



# BOARD'S REPORT

## To The Members

Yours Directors have pleasure in presenting the 38th Annual Report together with the Annual Audited Financial Statements of United Drilling Tools Limited (UDTL) for the year ended March 31, 2020.

### 1. CORPORATE OVERVIEW

The Company was incorporated in 1985 and has thereafter transformed to being one of the leading manufacturers of high-quality drilling products used in the upstream oil and gas exploration. A growing player in the international space, the Company got listed on BSE Limited since 1986. has its corporate headquarters at Noida.

Financial Performance	(₹ in Lacs)	
	Current Year ended 31st March, 2020	Previous year ended 31st March, 2019
Gross Turnover and other receipts	11,466.90	15,712.80
Less Total expenses	6,191.48	13,182.22
Profit/(Loss) before Interest and Depreciation	5,595.72	2,917.40
Less: Interest	50.61	100.14
Profit/(Loss) Before Depreciation	5,545.11	2,817.26
Less: Depreciation	269.69	286.68
Profit/(Loss) Before Tax	5,275.42	2,530.58
Less: Provision for taxation	753.62	57.03
Profit/(Loss) After Tax	4,521.80	2,473.55
Other Comprehensive income	(6.34)	(3.98)
Balance carried to Balance Sheet	4,515.46	2,469.57

### 2. BUSINESS PERFORMANCE AND FINANCIAL REVIEW

The business performance of the company during the financial year 2019-20 was very strong, exhibited stellar performance amidst a dampening environment globally. The Company was able to perform through its high-tech technology, operational excellence, and higher efficiency and well executed strategies.

Market slowed even before lock down begun at the end of March 2020, however UDTL successfully bagged a single largest order from ONGC of ₹125 Crores to be executed in this fiscal. The integrated connector segment has a relatively higher margin realization.

To deliver a good performance and to remain competitive cost is an important factor. The company got comparative advantage due to lower cost into research and development of new and more effacement products. It helps the company to manufacture world class quality product at a lower cost.

In a view to achieve substantial success, its units situated at SEZ Noida and KSEZ Kandla played an important role in achieving its goals and targets.

During FY 2019-20, your Company achieved Revenue from Operations of ₹111.75 Crores compared to ₹156.20 Crores in FY19. The Earnings before Interest, Depreciation and Tax (EBIDTA), Profit before Tax (PBT), excluding Exceptional items and Profit after Tax (PAT) for the year under review, were ₹55.96 Crores, ₹52.75 Crores and ₹45.22 Crores respectively. Compared to the previous fiscal, EBITDA enhanced by 92 % mainly due to higher realisations; PBT (before Exceptional Item) increased by 108.41% on account of increase in sale of profitable products (Connectors).

The Company's PAT increased by 82.55% compared to the previous year, standing at ₹45.22 Crores. On the Balance Sheet front, your Company's Net Worth increased to ₹164.11 Crores in FY20 compared to ₹131.68 Crores in FY19. The Company's total debt enhanced by 199% and stood at ₹0.42 Crores as at 31st March 2020 compared to

₹0.14 Crores as at 31st March, 2019. The Net block (including capital work-in-progress) of your Company increased to ₹1.72 Crores during FY20 as compared to ₹1.46 Crores during FY19, primarily due to no significant change in assets. The Company's net current assets decreased to ₹50.10 Crores during FY20 from ₹65.75 Crores during FY19, mainly due to better management of debtors.

### 3. TRANSFER TO RESERVES

The Company has not transferred any amount to the general reserve during FY 2019-20.

### 4. DIVIDEND

During the financial year 2019-20, UDTL has paid two interim dividend aggregating to 12%, additionally UDTL had proposed and paid special dividend of @ 34% considering its stellar performance in FY19-20.

The Total Dividend (interim and special) on equity shares for the financial year 2019-20 would aggregate @ 46% i.e.; ₹4.60 per equity shares of ₹10/-each. The company has not proposed final dividend for the financial year 2019-20.

## 5. INDIAN ECONOMY & INDUSTRY SCENARIO AND OUTLOOK

### Economy

During FY20 overall economic growth remained under pressure, which was aggravated due to the outbreak of COVID-19 towards the end of financial year. The Indian economy slowed to 4.2% growth during the year compared to 6.1% growth in FY19. However, the government took numerous measures like the announcement of various key infrastructure projects, capital infusion into the banking sector and reduction in corporate tax rates etc. to counter the slowdown.

Going forward, the economic scenario likely to be impacted in short term even though the government has taken various steps in terms of stimulus and economic reforms to boost the economy against the COVID-19 effect including the ambitious mission of self-reliant India (Atmanirbhar Bharat).

### Oil and Gas industry

The third largest consumer of crude oil and petroleum products in the world, the Indian oil and gas industry plays a pivotal role in the Indian economy as its one of the eight core industries in India and influences major decision making for different other important sections of the economy. Transportation fuels continued to be the major driver of demand growth; however, a major chunk of the growth was also driven by the steady rise in gasoline and LPG demand. Improving road network, muted on-boarding of the country-wide urban metro network and higher shift to gasoline vehicles with steady decline in gasoline-diesel price difference has more than made up for sub optimal growth in disposable income, overall automobile sales and weak economic activity across the country.

Liquefied Petroleum Gas (LPG) demand in India grew at a CAGR of 2.67% over the last 5 years. However, increasing use of LPG as residential fuel, industrial fuel, in the transportation sector, as well as a clean cooking fuel, is projected to spur the demand for LPG in India over the next five years. Further, owing to the government initiatives, the demand for clean cooking fuel in the rural residential areas is expected to grow further in the coming years, which is further anticipated to contribute to the growth of the Indian LPG market.

### Outlook

The Indian oil and gas market is undergoing a rapid transformation over the past few years. Keeping in mind the growing importance of the oil and gas sector, the government adopted different favourable policies which is likely to offer a strong growth outlook with significant new investment opportunities in the medium to long term future. In particular, domestic and foreign companies planning to expand their operations in the India midstream and downstream oil and gas industry is likely to witness new opportunities.

## 6. LISTING

The Company's Equity shares are listed on BSE Ltd formerly known as Bombay Stock Exchange, one of the recognized stock exchange of India. Now the company is going to list the equity shares on another leading and recognized stock exchange known as National Stock Exchange (NSE). The company has appointed NSDL and CDSL, recognized Depository of India, as depository for keeping equity shares in electronic Form. The company has paid annual fee to all these, SEBI authorized agencies for the financial year 2019-20.

## 7. SHARE CAPITAL

The Company's paid-up equity share capital continues to stand at ₹2,030.31 lakhs as on March 31, 2020. During the year, the Company has not issued any shares or convertible securities. The Company does not have any scheme for the issue of shares, including sweat equity to the Employees or Directors of the Company.

## 8. CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Section 129(3) of the Act, a statement containing salient features of the Financial Statements of each of its subsidiary or subsidiaries and associate company or companies in such form as may be prescribed.

During the year under review, the Company have no subsidiary or subsidiaries and associate company, therefore, no need to consolidate the financial statements of the Company.

## 9. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### 9.1 BOARD OF DIRECTORS

The Board & committees of the company comprises of eminent, experienced and reputed individuals from their respective fields. During the financial year 2019-20, the Board have SEVEN (7) members at beginning of the FY out of which there were four

independent non-executive director and three was executive director including Managing Director of the company. At the end of the FY, there were six Director on the Board of the Company. During the FY, one of the Independent director Mr. S S K Bhagat ceased to be a director due to his death w.e.f. 17th November, 2019. Except this, there was no major change in the composition of Board of Director of the company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of being appointed as independent director as prescribed both under the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further all the members of Board declared their equity shares holding as well as interest in the Company as per requirement of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The composition of the Board of Directors at the end of the FY i.e.; 31st March, 2020 are given below:-

1. Mr. Pramod Kumar Gupta : Chairman & Managing Director
2. Mr. Krishan Diyal Aggarwal : Independent Director
3. Mr. Kanal Gupta : Executive Director
4. Mr. Pandian : Independent Director  
Kalyanasundaram
5. Ms. Twinkle Singh : Women and Independent  
Director
6. Mr. Inderpal Sharma : Executive Director

## 9.2 KEY MANAGERIAL PERSONNEL

In terms of the provisions of Section 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Pramod Kumar Gupta, MD & Chairman (with effect from February 21, 2020), Mr. Arun Kumar Thakur, Chief Financial Officer ("CFO") (with effect from August 8, 2015) and Mr. Pramod Kumar Ojha, Compliance Officer & Company Secretary (with effect from August 8, 2012) are the Key Managerial Personnel of the Company.

## 9.3 INDEPENDENT DIRECTOR

The Company's Independent Directors have submitted requisite declarations confirming that they continue to meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations. The Independent Directors have also confirmed that they have complied with Schedule IV of the Act and the Company's Code of Conduct.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise in the fields of finance, management, strategy, auditing, tax and risk advisory services, banking, insurance and financial services and they hold highest standards of integrity.

Regarding proficiency, the Company has adopted requisite steps towards the inclusion of the names of all Independent Directors in the data bank maintained with the Indian Institute of Corporate Affairs, Manesar ("IICA"). Accordingly, the Independent Directors of the Company will registered themselves with the IICA for the said purpose. In terms of Section 150 of the Act read with Rule 6(4) of the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Directors are required to undertake online proficiency self-assessment test conducted by the IICA within a period of one (1) year from the date of inclusion of their names in the data bank.

## 9.4 Board Effectiveness

### a. Familiarisation programme for Independent Directors

Over the years, the Company has developed a robust familiarisation process for the newly appointed Directors with respect to their roles and responsibilities, way ahead of the prescription of the regulatory provisions. The process has been aligned with the requirements under the Act, and other related regulations. This process inter alia includes providing an overview for the manufacturing of Oil Drilling Tools and allied industries equipment, the Company's business model, the risks and opportunities etc.

### b. Formal annual evaluation

The Board carries out its annual performance evaluation of its own performance, the Directors individually, as well as the evaluation of the working of its Audit, Nomination & Remuneration committee as mandated under the Act and Listing Regulations, as amended from time to time. The criteria applied in the evaluation process are explained in the Report on Corporate Governance, which forms part of the Annual Report.

## 9.5 REMUNERATION POLICY AND CRITERIA FOR SELECTION OF CANDIDATES FOR APPOINTMENT AS DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR LEADERSHIP POSITIONS

The Company has in place a policy for remuneration of Directors, Key Managerial Personnel and Members appointed at senior level as well as a well-defined criterion for the selection of candidates for appointment to the said positions, which has been approved by the Board. The Policy broadly lays down the guiding principles, philosophy and the basis for payment of remuneration to the Executive and Non-Executive Directors (by way of sitting fees and salary) and Key Managerial Personnel.

The criteria for the selection of candidates for the above positions cover various factors and attributes, which are considered by the Nomination & Remuneration Committee and the Board of Directors while selecting candidates. The policy on remuneration of Directors, Key Managerial Personnel and Members of senior level is given in "Annexure A" to this Report and is also available at the website of the Company and can be accessed at [www.udtltd.com](http://www.udtltd.com).

The Board of Directors of the Company also formulated and adopted the policy on the Diversity of the Board' and 'Succession Policy for Directors'. The details of the same are also available at the website of the Company and can be accessed at [www.udt ltd.com](http://www.udt ltd.com).

## 10. MEETINGS

### a. Meetings of Board of Directors

Regular Meetings of the Board of Directors were held to discuss and decide on various business policies, strategies, financial matters and other businesses.

During the year, seven Board Meetings were convened and held, the details of which are given in the Corporate Governance Report forming part of the Annual Report. The provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were adhered to while considering the time gap between two meetings and various other requirements including Secretarial Standards as issued by the ICSI.

### b. Meetings of Independent Directors

During the year under review, the Independent Directors met once on 18th February, 2020 without the presence of Non-Independent Directors and members of the Management, inter alia to:

- Review the performance of Non-Independent Directors, the Board as a whole and that of its Committees;
- Review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors; and
- Assess the quality, content and timeliness of flow of information between the Company management and the Board which is necessary for the Board to effectively and reasonably perform its duties.

## 11. COMMITTEES OF BOARD OF DIRECTORS

In compliance with the requirements of Companies Act, 2013 and Listing Regulations, your Board had constituted various Board Committees to assist it in discharging its responsibilities.

The Board has adopted charters setting forth the roles and responsibilities of each of the Committees. The Board has constituted following Committees to deal with matters and monitor activities falling within the respective terms of reference:-

### A. Mandatory Committees

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee

### B. Non-Mandatory Committees

- Risk Management Committee
- Ethics Committee

Detailed composition of the above Committees, their terms of reference, number of meetings held, attendance therein and other related details are provided in the Corporate Governance Report forming part of the Annual Report. There has been no instance where the Board has not accepted the recommendations of its Committees.

The composition of the committees was in conformity with the applicable provisions of the Companies Act, 2013 and in pursuance to the requirements of SEBI (LODR) Regulations, 2015.

## 12. CORPORATE SOCIAL RESPONSIBILITY

The Company has formulated a Corporate Social Responsibility (CSR) Policy to undertake CSR initiatives as specified in Schedule VII of the Companies Act, 2013. The Company has constituted a robust and transparent governance structure to oversee the implementation of CSR Policy, in compliance with the requirements of Section 135 of the Companies Act, 2013.

Your Company has been involved in social welfare initiatives for more than two decades and firmly believes in making lasting impact towards creating a just, equitable, humane and sustainable society. The CSR Projects of the Company are mainly focused on the following broad thematic areas namely education, healthcare and environment sustainability.

Your Company's Corporate Social Responsibility (CSR) initiatives are also designed to address the challenge of capacity building and securing sustainable livelihoods of the marginalized/underprivileged sections of the society around its works.

The brief outline of the Corporate Social Responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year under review are set out in "Annexure-B" of this report in the format as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

## 13. AUDITORS

### 13.1 STATUTORY AUDITORS

M/s R S Dani & Co., Chartered Accountants were appointed for the second term of five consecutive years as statutory auditor of the company at the thirty seventh annual General meeting of the company to hold the office from the conclusion of said meeting till the conclusion of 42nd AGM of the company subject to ratification of their appointment by the Members at every intervening AGM held thereafter.

The requirement of seeking ratification of the Members for continuance of their appointment has been withdrawn consequent

upon the changes made by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Hence, the resolution seeking ratification of the Members for their appointment is not being placed at the ensuing AGM. The company has received their consent and certificate of eligibility required in pursuance to provision of section 141 of the Act.

The financial statements of the Company for the financial year 2019-20 has been audited by M/s R S Dani & Co. Accordingly an Audit Report along with audited Financial Statements for the said FY are being placed before the members for their consideration and adoption. The Notes on the Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualifications, reservations or adverse remarks.

### 13.2 SECRETARIAL AUDITORS AND SECRETARIAL AUDIT REPORT

In term of the provision of Section 204 of the Company Act, 2013 the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company has appointed M/s Balraj Sharma & Associates, Company Secretaries, New Delhi as Secretarial Auditor of the Company for the financial year ended March 31, 2020.

The report of the Secretarial Auditor is attached as "Annexure-C". The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. The Company is in compliance with the Secretarial Standards, specified by the Institute of Company Secretaries of India.

### 13.3 INTERNAL AUDITORS

Pursuant to the provision of section 138 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, M/s Pankaj Priti & Associates, Chartered Accountants, having vast experience in field of Taxation, Finance and Accounts were appointed as internal auditor of the Company for the financial year 2019-20 to perform the duties, functions and activities as assign by the Board to carried out the internal audit of the Company.

The Internal auditor shall submit the report on quarterly basis to the audit committee of the Company. The Report of Internal Auditors did not contain any qualifications, reservations or adverse remarks.

## 14. CORPORATE GOVERNANCE

The Board of Directors reaffirm their continued commitment to good corporate governance practices. During the year under review, the Company complied with the provisions relating to corporate governance as provided under the Listing Regulations. The compliance report together with a certificate from the Company's auditors confirming the compliance on the conditions of corporate governance is provided in the Report on Corporate Governance, which forms part of the Annual Report as "Annexure-D".

A certificate from M/s RSDani & Co., Practicing Chartered Accountant, regarding compliance of the conditions of Corporate Governance,

as stipulated under Schedule V of the Listing Regulations is attached, which forms part of the Annual Report.

## 15. CEO & CFO CERTIFICATION

Pursuant to Regulation 17(8) read with Schedule II Part B of the Listing Regulations, a certificate from the Chief Executive Officer and Chief Financial Officer of the Company addressed to the Board of Directors, inter alia, confirming the correctness of the financial statements and cash flow statements, adequacy of the internal control measures and reporting of matters to the Audit Committee, is provided elsewhere in this Annual Report.

## 16. BUSINESS RESPONSIBILITY REPORT

In term of Regulation 34(2)(f) of SEBI Listing Regulations, 2015, Business Responsibility Report must be a part of Annual Report for top 100 listed Company. In purview of above regulation, it is not applicable to the company thus such report is not a part of Annual Report, but to the best practices our company has taken initiative to protect Environment, social and good governance perspective as stipulated under this regulations.

## 17. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has established a Vigil Mechanism/ Whistle Blower Policy. The purpose of this mechanism is to provide a framework to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy and provide adequate safeguards against victimization of the person availing this mechanism.

The Policy is available on Company's website [www.udtltd.com](http://www.udtltd.com) which has been appropriately communicated within the organisation and is effectively operational. The policy provides mechanism whereby whistle blower may send protected disclosures at [compsect@udtltd.com](mailto:compsect@udtltd.com) and in exceptional cases, directly to the Chairman of Audit Committee.

## 18. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached as "Annexure E".

In accordance with the provisions of Section 197(12) of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees drawing remuneration in excess of the limits set out in the aforesaid Rules, forms part of this Report.

## 19. ANNUAL RETURN

An extract of Annual Return as on the financial year ended 31st March, 2020 in Form No. MGT-9 as required under Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 is set out as "Annexure-F" to the Directors' Report.



Further, in terms of Section 134(3)(a) of the Companies Act, 2013, the Annual Return of the Company has been placed on the Company's website and can be accessed at [www.udtltd.com](http://www.udtltd.com)

## 20. COMPLIANCE WITH SECRETARIAL STANDARDS AND INDIAN ACCOUNTING STANDARDS

The Board of Directors affirms that the Company has complied with the applicable Secretarial Standards (SS) issued by the Institute of Companies Secretaries of India (SS1 and SS2), respectively relating to Meetings of the Board and its Committees, which have mandatory application during the year under review.

The Company has also complied with all relevant Indian Accounting Standards referred to in Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 while preparing the financial statements.

## 21. CREDIT RATING

Our continuous efforts are converted into results which are shown in our Financials and also recognised by rating Agency and they had upgraded our rating continuously for the last two years.

Rating improved from BB+ to BBB- in the year 2019.

Rating further improved from BBB- to BBB in the current year 2020.

This reaffirms the reputation and trust, the company has earned for its sound financial management and its ability to meet its financial obligations.

## 22. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

As per requirement of SEBI Listing Regulations, 2015 Management's Discussion and Analysis Report for the financial year 2019-20 is attached as "Annexure G", forming part of the Annual Report.

## 23. RELATED PARTY TRANSACTIONS

In term of SEBI Listing regulations and relevant provision of the Company Act, 2013, the details information regarding related party transaction occurs during the financial year 2019-20 has been disclosed in prescribed format AOC-2, in "Annexure -H" as a part of this annual report.

## 24. INTERNAL CONTROL SYSTEMS

### 24.1 Internal Audit and its Adequacy

The scope and authority of the internal audit function is defined in the Internal Audit Charter. To maintain independence and objectivity in its functions, the internal audit function reports directly to the Audit Committee of the Board.

At the beginning of each financial year, a risk-based annual audit plan is rolled out after it is approved by the Audit Committee of the Board. The audit plan aims to evaluate the efficacy and adequacy of the internal control system and compliance thereof, robustness of internal processes, policies and accounting procedures, compliance with laws and regulations.

Based on the reports of internal audit function, process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

### 24.2 Internal Controls over Financial Reporting (ICFR)

The Company's internal financial controls are commensurate with the scale and complexity of its operations. The controls were tested during the year and no reportable material weaknesses either in their design or operations were observed. The Company has put in place robust policies and procedures, which inter alia, ensure integrity in conducting its business, safeguarding of its assets, timely preparation of reliable financial information, accuracy and completeness in maintaining accounting records and prevention and detection of frauds and errors.

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

Energy continues to be a material aspect from climate change as well as operational perspective. The information required under the Companies Act, 2013 related to energy conservation, technology absorption, foreign exchange earnings and outgo are disclosed as "Annexure-I" being a part of this report.

UDTL 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 wastage of energy and electric power as energy conservation dictates how efficiently a company can conduct its operations. Further your Company got NOC from state pollution control board of U.P. Government.

## 26. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134 of the Act:

- a) that in the preparation of the annual financial statements for the year ended March 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) that such accounting policies applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year March 31, 2020 and of the profit of the company for the year ended on that period;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) that the annual accounts have been prepared on a going concern basis; and

- e) that proper internal financial controls laid down by the company and that such internal financial controls are adequate and were operating effectively.

## 27. OTHER DISCLOSURES

- 27.1 There were no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.
- 27.2 The Company has not issued any shares with differential voting rights/sweat equity shares.
- 27.3 There was no revision in the Financial Statements.
- 27.4 There has been no change in the nature of business of the Company as on the date of this report.

## 28. DEMATERIALISATION OF EQUITY SHARES

The company have been provided the facility to demat the physical shares through CDSL & NSDL, two recognized depository participant in India. The demat ISIN of the company for equity shares is INE961D01019. M/s Alankit Assignments Ltd. is acting as its agent for demat and other related quarries of the shareholders for their equity shares. Share transfer Agent takes prompt action on request of the shareholders for dematerialization of equity shares within stipulated time.

## 29. IMPACT OF COVID-19

The spread of COVID-19 has severely impacted businesses and millions of lives around the globe. In many countries, including India, there has been severe disruption to regular business operations due to lockdowns, disruptions in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures. UDTL's plants and offices were under nationwide lockdown since March 24, 2020 and operations are being resumed in a phased manner taking into account directives from the Government. As a result of lockdown, the volumes for the month of March 2020 have been impacted and consequently, the performance for the month of March 2020 has also been partially impacted.

Management is expecting that demand for products will improve on stabilization of COVID-19, post removal of lock down. The Company has made detailed assessment of its liquidity position for a period of at least one year from the balance sheet date, of the recoverability and carrying values of its assets comprising property, plant and equipment, Intangible assets, Trade Receivables, Inventory, investments, other current and non-current assets and ability to pay its liabilities as they become due and effectiveness of internal financial controls at the balance sheet date and has concluded that there are no material impact or adjustments required in the financial statements.

Management believes that it has taken into account all the possible impact of known events till the date of approval of its financial statements arising from COVID-19 pandemic in the preparation of

the financial statements. The impact on our business will depend on future developments that cannot be reliably predicted. It is uncertain how long these conditions will last. The impact of global health pandemic might be different from that estimated as at the date of approval of these financial statements and the Company will closely monitor any material changes to future economic conditions. Management expects no significant impact on the continuity of operations of the business on a long-term basis.

## 30. GREEN INITIATIVES IN CORPORATE GOVERNANCE

The Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by allowing companies to send documents to their shareholders in electronic mode. To support this green initiative and to receive communications from the Company in electronic mode, members who have not registered their E-mail addresses and are holding shares in physical form are requested to contact the RTA of the Company and register their Email-id. Members holding shares in demat form are requested to contact their DPs. Members may please note that notices, annual reports, etc. will be available on the Company's website at [www.udtltd.com](http://www.udtltd.com). Members will be entitled to receive the said documents in physical form free of cost at any time upon request.

## 31. DEPOSIT FROM PUBLIC

During the year, the Company has not invited or accepted any public deposits covered under Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. As such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

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

UDTL is an equal employment opportunity company and is committed to creating a healthy working environment that enables employees to work without fear of prejudice and gender bias. As an organisation, the Company is committed to ensure that every employee is treated with dignity and respect and works in a conducive work environment, which promotes professional growth of employee and encourages equality of opportunity. The Company has zero tolerance towards any act on the part of any executive, which may fall under the ambit of 'sexual harassment' at workplace, and is fully committed to uphold and maintain the dignity of every women executive working in the Company.

Further, to provide an empowering and enabling atmosphere to women employees, the Company has continuously endeavoured to build the work culture, which promotes the respect and dignity of all women employees across the organisation. The Company has formulated a comprehensive policy on prevention, prohibition and redressal against sexual harassment of women at workplace, which is also in accordance with the provisions of the Sexual Harassment

of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ('POSH'). The said policy has been made available on the internal portal of the Company.

The Company has constituted an Internal Complaints Committee ('ICC') under the POSH. The ICC has been set up comprising THREE (3) female employees of whom one (1) female employee is the Chairperson of the ICC and two (2) male employees of whom one (1) is the secretary of the ICC. There are One (1) external Members on the ICC who are specialists in dealing with such matters. The employees are sensitised from time to time in respect of matters connected with prevention of sexual harassment. Awareness programmes are conducted at unit levels to sensitise the employees to uphold the dignity of their female colleagues at workplace.

Number of cases filed and their disposal under Section 22 of the POSH is as follows:

Sr. No.	Particulars	Status
1.	Number of complaints pending at the beginning of the FY	0
2.	No. of complaints received during the financial year	0
3.	No. of complaints resolved during the financial year	0
4.	Number of complaints pending at the end of the FY	0

### 33. APPRECIATIONS AND ACKNOWLEDGEMENTS

The Board of Directors would like to express their sincere appreciation for the assistance and co-operation received from financial institutions, banks, Government and other Regulatory Authorities, Stock Exchanges, customers, vendors, dealers, investors, business associates during the year.

The Board also places on record its appreciation for the enthusiastic co-operation, hard work and dedication of all the employees of the Company without which it would not have been possible to achieve all round progress and growth of the Company.

Directors wishes to place on record their appreciation of the efficient and loyal services rendered by each and every employee, without whose whole-hearted efforts, the overall satisfactory performance

would not have been possible and look forward to the long term future with confidence.

The trust and confidence reposed by the customers in the Company and its products is especially cherished. Your Directors also wish to place on record their appreciation of the wholehearted and continued support extended by the Shareholders and Investors, which had always been a source of strength for the Company. Your Directors look forward to your continued support.

### 34. CAUTIONARY STATEMENT

Statements in the Boards' Report and the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied.

Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, feed stock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations.

The Company is not obliged to publicly amend, modify or revise any forward looking statement, on the basis of any subsequent development, information or events or otherwise.

For and on behalf of the Board  
**United Drilling Tools Limited**

sd/-

**Pramod Kumar Gupta**

Managing Director

DIN: 00619482

Date: 25/08/2020

Place: Noida

## ANNEXURE-A

### POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND MEMBERS OF SENIOR LEVEL

#### Remuneration Philosophy

The collective responsibility of the Board of Directors is the guiding principle in determining the compensation for Non-Executive Directors, whilst at the same time recognising and adequately compensating the Chairman of the Board of Directors, the Chairman of the Audit Committee and Members of the Audit Committee and other statutory Committee for the additional responsibilities shouldered by them. The Chairman of the Board is required to provide leadership and balance conflicts of interest, if any, so that decisions are taken in the best interests of the Company and to ensure highest standards of governance. Likewise, the Members of the Audit Committee and the other statutory Committee have the onerous responsibility to respectively ensure adequacy of internal controls, robustness of financial policies and accounting/principles and compliance with applicable laws. The Members of the Audit Committee and the other statutory Committee and particularly the Chairman of the Audit Committee is required to spend considerable time for providing guidance to the Management in dealing with major issues.

#### Remuneration

The remuneration of the Non-Executive Directors is determined within the limits prescribed under Section 197 read with the Rules framed thereunder and Schedule V to the Companies Act, 2013 (hereinafter collectively referred to as "the Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Regulations"). The Non-Executive Directors of the Company receive remuneration by way of sitting fees for attending the Board/Committee Meetings as detailed hereunder:

1. Sitting fees for each meeting of the Board or Committee of the Board attended by the Director, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Act;
2. There is no separate sitting fee for attending the different statutory committee meeting, it means the sitting fee for board meeting includes sitting fee for the other committee meeting;
3. A sum amount of ₹5,000/- will be given to all members of board and committee who agree to attend the meeting as a conveyance allowance.

#### Remuneration Policy for Managing Director (MD)

1. The MD shall be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination & Remuneration Committee and the Board of Directors) and MD, within the overall limits prescribed under the Act.

2. The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
3. The remuneration of the MD shall be broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retirement benefits. The variable component comprises performance bonus and other long-term incentives.
4. In determining the remuneration the Nomination & Remuneration Committee shall consider the following:
  - a. The relationship between remuneration and performance;
  - b. balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
  - c. responsibility required to be shouldered by MD, the industry benchmarks and current trends;
  - d. the Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs/KPIs.
  - e. in keeping with best industry practices, to ensure that the remuneration is competitive and that it compares favourably with the Industry.

#### Remuneration Policy for the Key Managerial Personnel

1. In determining the remuneration of the Key Managerial Personnel (KMP), the Nomination & Remuneration Committee shall consider the following:
  - a) the relationship between remuneration and performance;
  - b) the balance between fixed and incentive pay reflecting short- and long-term performance objectives, appropriate to the working of the Company and its goals;
  - c) the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
  - d) the remuneration including annual increment and performance bonus, is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs/KPIs, industry benchmarks and current compensation trends in the market.
2. The MD will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein-above,

whilst recommending the annual increment and performance incentive to the Nomination & Remuneration Committee for its review.

### Criteria for selection of candidates for appointment/re-appointment as Director(s) and Key Managerial Personnel

The Nomination & Remuneration Committee plays an important role in ensuring that there is a formal and transparent process for appointment to the Board of Directors and is, inter alia, responsible for identifying potential candidates for appointment as Directors. The Committee takes into account the Board's existing composition vis-à-vis the need to have a broad based and diverse Board commensurate with the size and complexity of the Company's operations. This ensures that the Company gets the maximum benefits from the contributions and deliberations of an accomplished and diverse group of individuals and professionals that issues are discussed from different angles fostering creativity in the Board's decision making process as well as provide for comprehensive strategic planning and effective risk management at the highest level.

Some of the important criteria considered by the Nomination & Remuneration Committee in identifying candidates for appointment as Directors are:

- a) selection of candidates from a wide cross section of industries and professional backgrounds, qualifications, expertise and experience of the candidate, their domain and functional knowledge in the fields of manufacturing, marketing, finance, taxation, law, governance and general management so as to enable the Board to discharge its function and duties effectively;
- b) in case of recommendation for appointment of Independent Directors, the Nomination & Remuneration Committee shall also satisfy itself with regard to the independent nature of the Director vis-à-vis the Company;
- c) the candidates identified for appointment as Directors should not be qualified for appointment under Section 164 of the Act;
- d) the following attributes/criteria will be considered whilst recommending the candidature for appointment as Director:
  - i. age of the candidate;
  - ii. integrity of the candidate;
  - iii. personal, Professional or Business Standing;
  - iv. diversity of the Board;
  - v. positive attributes of the candidate;
  - vi. in case of re-appointment of Non-Executive Directors, the Nomination & Remuneration Committee whilst making its

recommendation to the Board of Directors, shall take into consideration the performance evaluation of the Director and his engagement level.

The Nomination & Remuneration Committee shall meet potential candidates to assess their level of competence, experience and their personal and other positive attributes before making its recommendation to the Board.

For the purpose of assessing the attributes of the candidate, the Committee shall, inter alia, take into consideration whether the candidate demonstrates:

- high standards of ethical behaviour;
- positive disposition, good interpersonal and communication skills;
- ability to think independently without being influenced by extraneous circumstances or consideration;
- capability to act with reasonable care, in good faith and in the best interests of the Company and its stakeholders;
- ability to devote time and attention for the business and governance of the Company;
- refrain from situations that may have a direct or indirect conflict of interest with those of the Company;
- acceptance to abide by the Company's Code of Business Conduct.

The Board of Directors (including the Nomination & Remuneration Committee) periodically review vacancies likely to occur on the completion of the tenure of Non- executive Directors for timely filling of such vacancies.

In the selection of the MD, the Nomination & Remuneration Committee identifies persons of integrity who possess relevant expertise and experience, domain and functional knowledge required for such office and who demonstrate positive attributes as explained above. The ability of the candidate to adapt to the organisational culture and ethos are also considered.

For and on behalf of the Board  
**United Drilling Tools Limited**

sd/-

**Pramod Kumar Gupta**

Managing Director

DIN: 00619482

Date: 25/08/2020

Place: Noida



## ANNEXURE-B

## ANNUAL REPORT ON CSR ACTIVITIES

## 1. A Brief Outline of the CSR Policy:-

Driven by the purpose 'Enhancing quality of life and contributing to a healthier future', the Company is mindful of the needs of the communities and works to make a positive difference and create maximum value for the society. The Company focuses its efforts in society on the three pivotal ambitions of enabling healthier and happier lives for individuals and families, on helping develop thriving and resilient communities, and on stewarding the planet's natural resources for future generations, with particular care for water. The Company is firmly rooted in a robust set of principles and values based on respect.

The Company believes that the biggest opportunity is partnership. The Company continues to engage with stakeholders including Specialise NGO, civil society, and expert organisations and would take up such CSR activities that have been aligned with national priorities such as public health, education, livelihood, etc. These areas are mapped with the activities as prescribed in Schedule VII to the Companies Act, 2013 in the Annexure.

The Company's commitment to the society is sincere and long standing. The CSR Policy of the Company is available on the website ([www.nestle.in/investors/policies](http://www.nestle.in/investors/policies)). While the focus of CSR efforts will be in the areas around Company operations, the Company

also undertakes projects where societal needs are high or in special situations (such as in the case of natural disasters etc.)

## 2. COMPOSITION OF THE CSR COMMITTEE

- A. Mr. Krishan Diyal Aggarwal - Chairman  
 B. Mr. Pramod Kumar Gupta - Member  
 C. Mr. Pandian Kalyanasundaram - Member

## 3. Average net profit of the company for last three financial year – ₹20,07,17,660/-

## 4. Prescribed CSR Expenditure (2% of amount as mention above) - ₹40,14,353/-

## 5. Details of CSR spent during the financial year 2019-20 –

Amount Unspent for the previous year - ₹92,091/-

Expenditure required for the FY 2019-20 – ₹40,14,353/-

- a) Total amount spent for the financial year: 41,06,259/-  
 b) Amount unspent, if any – 46,185/-  
 c) Manner in which the amount spent during the financial year is detailed below:- ₹40,60,259/-

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR Project or Activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (in ₹)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads: (in ₹)	Cumulative expenditure up to the reporting period (in ₹)	Amount Spent: Direct or through implementing agency
1.	Promoting health care	Promoting health care	Delhi	2,00,000/-	2,00,000/-	2,00,000/-	Through implementing agency "Swami Vivekanand Medical mission"
2.	Setting up old age home	Setting up old age home for physically and mentally challenged destitute and senior citizens	New Delhi, Haryana and Noida	17,38,740/-	17,38,740/-	19,38,740/-	Through implementing agency "Earth Saviours, SHEOWS, Sadhu Savitri & Rajkiya Akshata"

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR Project or Activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (in ₹)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads: (in ₹)	Cumulative expenditure up to the reporting period (in ₹)	Amount Spent: Direct or through implementing agency
3.	Promotion of Education	Promote education centre in slum area	Noida & Delhi	12,51,850/-	12,51,850/-	31,90,590/-	Through implementing Agency "Lex Alliance, Surya, Pahal, Akashya Pratisthan & Rasta"
4.	Eradicating Poverty	Providing blanket to needy persons of the society	New Delhi & Noida	4,29,119/-	4,29,119/-	36,19,709/-	Directly or through implementing agency
5.	Contribution to PM CARES fund and awareness	To mitigate with national calamity & Disaster.	New Delhi	1,75,100/-/-	1,75,100/-	37,94,809/-	Directly to PM CARES Fund (COVID-19) and distribution of Face Mask & Sanitizer
6.	Setting up Home and Hostels for women and Orphan female	To provide shelter to orphan	New Delhi	2,65,450/-	2,65,450/-	40,60,259/-	Through implementing agency "Katyayani Balika & Physically handicapped

For and on behalf of Board  
**United Drilling Tools Limited**

Sd/-  
**Pramod Kumar Gupta**  
Managing Director

For and on behalf of Board  
**United Drilling Tools Limited**

Sd/-  
**Krishan Diyal Aggarwal**  
Chairman CSR Committee

## ANNEXURE- C

## Form No. MR-3

## Secretarial Audit Report

For the Financial Year ended 31st March, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and  
Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
United Drilling Tools Limited

I 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 139A, First Floor, Antriksh Bhawan, 22, Kasturba Gandhi Marg, New Delhi - 110001 (**hereinafter called "the Company"**). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my examination and verification of the Company's secretarial books, papers, minute books, forms and returns filed and other registers and records as maintained by the Company under Companies Act, 2013 and Securities Laws as applicable to the Company and also the information(s) and explanation(s) provided to me by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31st, 2020 has generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place *except occasional delays under the Acts, Rules, Regulations and Secretarial Standards as applicable to the Company.*

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on March 31st, 2020 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) Secretarial Standards including revised one as effective from 1st October, 2017, with respect to Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) as issued by the Institute of Company Secretaries of India (ICSI);
- (iii) Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iv) Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India (SEBI) Act, 1992 ('SEBI ACT');
  - a) The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The SEBI (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (Not applicable during the financial year under review)
  - c) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
  - d) SEBI (Prohibition of Insider Trading) Regulations, 2015
  - e) The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable during the financial year under review)
  - f) The SEBI (Issue and listing of Debt Securities) Regulations, 2008 (Not applicable as the Company has not issued and listed any debt securities during the financial year under review);
  - g) The SEBI (Delisting of Equity Shares) Regulations, 2009 (Not applicable as the Company has not delisted/ proposed to delist its equity shares from any Stock Exchange during the financial year under review)
  - h) The SEBI (Buyback of Securities) Regulations, 1998 (Not applicable as the Company has not bought back/ proposed to buyback any of its securities during the period under review)
  - i) The SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable to the Company during the period under review)
- (vi) The Compliances/processes/systems were verified on test check basis under following applicable Labour Laws from the documents/returns/information(s) as produced before me such as:

- Employees' Provident Fund and Miscellaneous Provisions Act, 1952;
- Employees' State Insurance Act, 1948;
- Minimum Wages Act, 1948 read with rules made thereunder;
- Payment of Wages Act, 1936 and rules made thereunder;
- Equal Remuneration Act, 1976;
- Payment of Gratuity Act, 1972, and rules made thereunder;
- Payment of Bonus Act, 1965 read with Payment of Bonus Rules, 1975;
- The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
- National Holiday Act and National Holiday Rules, 1965;
- Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959;
- Workmen's Compensation Act, 1923 read with Employees Compensation Rules, 1924;
- Factories Act, 1948;
- The Maternity Benefits Act, 1961 and the Rules made thereunder;
- Industrial Disputes Act, 1947;
- The Industrial Employment (Standing Orders) Act, 1946;
- Motor Vehicles Act, 1988
- The Public Liability Insurance Act, 1991
- The Contract Labour (Regulation And Abolition) Act, 1970
- The Uttar Pradesh Municipal Corporation Act, 1959

(vii) Environmental Laws such as:

- The Water (Prevention and Control of Pollution) Act, 1974, read with the Water (Prevention and Control of Pollution) Rules, 1975;
- Air (Prevention and Control of Pollution) Act, 1981 read with U.P. Rules;
- Environment Protection Act, 1986 read with Environment Protection Rules;
- Noise Pollution (Control and Regulation) Rules, 1999
- The Uttar Pradesh Fire Prevention And Fire Safety Act, 2005

(viii) Other Sector Specific Laws specifically applicable to the Company such as:

- The Micro, Small and Medium Enterprises Development Act, 2006;
- Special Economic Zones Act, 2005 and the Rules made thereunder;

As per the information(s) furnished and explanation(s) as provided by the Company, its officers, agents and authorized representatives, there were no other sector specific laws applicable to the Company or on its type of Industry except as mentioned above for the financial year ended March 31, 2020.

I report that, I have checked the Compliance Management System of the Company on the basis of Compliance Certificates issued by the Board of Directors of the Company and Senior Management of the Company so as to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of applicable Laws, Rules, Regulations and Guidelines and its verification was done on test check basis. However, I have not made a detailed examination of the said records. I believe that the audit evidence which have been obtained is sufficient and appropriate to provide a reasonable basis for my audit. In my opinion and to the best of my information and according to explanations given to me, I 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, regularity and probity.

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:

1. The Company received a Show Cause Notice Dt. 12th December 2019 for registration on SHOR website and updating of ICC member information and uploading Annual ICC Report for 2019 on the SHOR Website by February, 2020 as per the provisions of the POSH Act, 2013 which was duly complied with by the Company.

I further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors and Independent Directors during the period under review.

- The Company received an Order Dt. 04.04.2019 from the Hon'ble High Court of Delhi in the Company Application No. 1264 of 2018 under Section 392 of the Companies Act, 1956 read with Section 231 of the Companies Act, 2013 replacing the Schedule of Properties attached to Order Dt. 06.03.2012 with the Schedule of Properties annexed with the application as Annexure A-3.

According to the information(s) and explanation(s) given to me and records examined by me, the Company has generally been regular in maintaining statutory records and registers along with depositing statutory dues and filing returns with the appropriate authorities in respect of PF, ESI and other labour laws and generally regular in payment of statutory dues and filing of statutory returns in respect of Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and Employees' State Insurance Act, 1948;

There are adequate systems and processes to ensure compliance with applicable Laws, Rules, Regulations and Guidelines particularly for labour laws and environmental laws except for certain occasional inadequate compliances / omissions in the Public Liability Insurance Act, 1991 and other labour laws as prima facie the records have been made and maintained by the Company. However I have not made a detailed examination of the same with the view to determine whether they are accurate or complete.

I further report that the compliance by the Company of applicable financial laws like Direct and Indirect Tax Laws has not been reviewed; since the same have been reviewed by Statutory Auditors and other designated professionals and I have relied upon the same.

Adequate notices were given to all the Independent Directors by registered courier to schedule the Board Meetings and its

Committees Meetings. Notice along with Agenda and detailed notes on agenda were sent at least seven days in advance except where consent of the directors was received for scheduling meeting at a shorter notice and as 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 were 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 during the Review Period,

In view of the situation emerging out of the outbreak of COVID-19 Pandemic, physical documents, records & other papers of the Company for the year ended March 31st, 2020 required by us for our examination were provided through electronic Mode.

For **Balraj Sharma & Associates**  
Company Secretaries

sd/-  
**Balraj Sharma**  
(Proprietor)  
FCS No.: 1605  
C P No.:824  
UDIN: F001605B000597761

Place: New Delhi  
Date: 20/08/2020

**Note:** This report is to be read with my letter of even date which is annexed as Annexure-A and forms an integral part of this report.



## ANNEXURE-A

To,  
The Members  
United Drilling Tools Limited

My report of even date is to be read along with this letter

1. Maintenance of Secretarial Records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for my opinion. **Further part of the verification was done on the basis of electronic data provided to us by the Company due to COVID-19 lockdown and on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us.**
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management Representation about compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test check basis.
6. 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

Place: New Delhi  
Date: 20/08/2020

## ANNEXURE- D

### CORPORATE GOVERNANCE REPORT

The Board of Directors present the Company's Report on Corporate Governance pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') as amended, for the year ended March 31, 2020.

#### 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

As one of India's leading manufacturers of oil drilling Tools and equipment, UDTL has always been at the vanguard of setting industry benchmarks. It has a rich legacy of putting in place a formalized mechanism of corporate governance, long before it became a statutory requirement. The Company's governance framework enshrines the highest standards of ethical and responsible conduct of business to create enduring value for all stakeholders.

The Company's governance framework and philosophy are based on the bedrock of ethics, values and trust. These principles have been integrated into the organisation's DNA in over Three (3) decades of its existence. As part of its growth strategy, UDTL emulates the 'best practices' that are followed in the domain of corporate governance globally.

The Company's business objective and that of its management and employees is to manufacture and market the Company's products in such a way as to create value that can be sustained over the long term for consumers, shareholders, employees, business partners and the national economy. The Company is conscious of the fact that the success of a corporation is a reflection of the professionalism, conduct and ethical values of its management and employees. In addition to compliance with regulatory requirements, the Company endeavours to ensure that highest standards of ethical and responsible conduct are met throughout the organisation.

The Company is in compliance with the requirements stipulated under regulation 17 to 27 read with schedule V and clauses (b) to (i) of sub -regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as applicable, with regard to corporate governance.

#### 2. BOARD OF DIRECTORS

UDTL is a professionally managed company functioning under the overall supervision of the Board of Directors ('Board'). Its

Board is a combination of Independent and Non Independent Directors, including an Independent Woman Director in line with the provisions of the Companies Act, 2013 ('the Act') and the ('SEBI Listing Regulations') as amended from time to time.

The Board of Directors comprises of highly experienced and persons of repute & eminence, who ensure that the time-honoured culture of maintaining sound standards of corporate governance is further nurtured. The Board sets out the overall corporate objectives and provides direction and independence to the management to achieve these objectives for value creation through sustainable profitable growth.

The Board seeks accountability of the management in creating long-term sustainable growth to ensure that the aspirations of stakeholders are fulfilled. It also sets out standards of corporate behaviour and ensures compliance with laws and regulations impacting the Company's business.

As on 31st March 2020, the total strength of the Board was Six (6) Directors, Out of Six, three (i.e.; 50 percent) are Non-Executive and Three (i.e.; 50 percent) are Executive Director. The composition of Board is in conformity with Regulation 17 of SEBI Listing Regulation read with Section 149 of the Act.

None of independent directors serve as an Independent director on more than seven listed entities during the financial year 2019-20.

Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of Independence as mentioned under Regulation 16(1) (b) of the SEBI Listing Regulations and that they are independent of the management.

#### 2.1 BOARD MEETINGS

During the financial year 2019-20 under review 07 (Seven) 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 29.05.2019, 23.07.2019, 21.08.2019, 20.09.2019, 23.10.2019, 12.02.2020, & 11.03.2020.

#### 2.2 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 2019-2020 Attendance at		No. of Directorship in other companies		No. of Committee position held in public companies including UDTL	
		Board Meeting	Last AGM	Chairman	Member	Chairman	Member
Mr. Pramod Kumar Gupta	Executive Director	07	Yes	Nil	Nil	00	01
Mr. Krishan Diyal Aggarwal	Independent & Non-Executive Director	06	Yes	Nil	Nil	02	02
Mr. Kanal Gupta	Executive Director	07	Yes	01	Nil	00	01
Ms. Twinkle Singh	Independent, Woman & Non-Executive Director	07	Yes	Nil	Nil	00	02
Mr. Pandian Kalyanasundaram	Independent & Non-Executive Director	07	Yes	Nil	Nil	02	02
Mr. Inderpal Sharma	Executive Director	06	Yes	Nil	Nil	00	00

**Notes:**

- I. The Directorship/Committee Membership is based on the latest disclosures received from Directors.
- II. None of the Director is a member of the Board in 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 in more than 10 Committees and Chairman of more than 5 Committees, across all Companies in which he is a Director.
- III. In pursuant to the provisions of Section 2(77) of Companies Act, 2013 and Rule 4 of the Companies (Specification of details) Rule-2014, M. Kanal Gupta, whole time director of the company is related to Mr. Pramod Kumar Gupta, Chairman & Managing Director of the Company.
- IV. Mr. Inderpal Sharma, Whole Time Director of the company whose office as directorship was counted as rotational, is retire by rotation and being eligible for re-appointment. The confirmation of re-appointment as required, placed before the member at ensuing Annual General meeting.
- V. The Company has formulated a policy to familiarize 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.
- VI. During FY 2019-20, information as mentioned in Part A of schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration.

**2.3 INDEPENDENT DIRECTORS**

Independent Directors play a significant role in the governance processes of the Board. By virtue of their varied experience & expertise, they enrich the Board's decision-making and prevent possible conflicts of interest that may emerge in such decision-making. The appointment of Independent Directors is carried out in a structured manner in accordance with the provisions of the Act and the SEBI Listing Regulations.

The Nomination & Remuneration Committee of the Board identifies candidates based on certain laid down criteria and takes into consideration the need for diversity of the Board and accordingly makes its recommendations to the Board.

None of the Independent Directors serve as Independent Directors in more than seven (7) listed companies in line with the requirements of the SEBI Listing Regulations. The said Independent Directors have also confirmed that they meet the criteria of independence as laid down under the Act and the SEBI Listing Regulations, as amended.

Confirmation as regards independence of Independent Directors have been duly obtained from them and taken on record.

In the opinion of the Board, all the Independent Directors fulfil the criteria relating to their independence as specified in the SEBI Listing Regulations and the Act and are independent of the Management.

**2.4 MEETING OF INDEPENDENT DIRECTORS**

During the year under review, the Independent Directors were met on February 18, 2020, inter alia to discuss:

- I. evaluation of the performance of Non Independent Directors and the Board of Directors as a whole;
- II. evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;
- III. evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties; and;
- IV. Other related matters.

The Independent Directors have expressed satisfaction at the robustness of the evaluation process, the Board's freedom to express its views on matters transacted at the Meetings and the openness and transparency with which the Management discusses various subject matters specified on the agenda of Meetings.

## 2.5 PERFORMANCE EVALUATION OF THE BOARD AND INDIVIDUAL DIRECTORS

Pursuant to the provisions of the Act, and the SEBI Listing Regulations, the Board has carried out the annual evaluation of its own performance, as well as the working of its Audit, Nomination and Remuneration, Compliance and Risk Management Committees. A structured questionnaire was prepared after taking into consideration, inputs received from the Directors, which covered aspects of the Board's functioning such as adequacy of the composition of the Board and its committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of Individual Directors. The Chairman of the Board of Directors interacted with all the Directors individually to get an overview of the functioning of the Board/Committees, inter alia, on the following broad criteria i.e. attendance and level of participation at meetings of the Board/committees, independence of judgment exercised by Independent Directors, interpersonal relationship and so on.

## 2.6 RESUME OF THE DIRECTORS PROPOSED TO BE RE-APPOINTED

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

## 3. COMMITTEES OF THE BOARD

In term of the Companies Act, 2013 and as per requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, there are six committees as on March 31, 2020, which comprises four are the statutory committees and other two committees are also formed which is optional as per need of the company. During the financial year, due to death of Mr. S S K Bhagat, an Independent director of the company, the committee has been re-constituted.

### A. AUDIT COMMITTEE

The Audit Committee acts as an interface between the Statutory and Internal Auditors, the Management and the Board of Directors. It assists the Board in fulfilling its responsibilities of monitoring financial reporting processes; reviewing the Company's established systems and processes for internal financial controls and governance; and reviews the Company's statutory and internal audit processes. More than two-thirds of the members of the committee, including the Chairman are Independent Directors. The committee is governed by a Charter, which is in line with the regulatory requirements mandated by the act and SEBI Listing Regulations. All the members of the committee have the ability to read and understand the financial statements. The Chairman of the committee possesses professional qualifications in the field of Finance and Accounting.

The terms of reference of the Audit Committee are broadly as under:

- i. Oversight of financial reporting process.
- ii. Reviewing with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval.
- iii. Evaluation of internal financial controls and risk management systems.
- iv. Recommendation for appointment, remuneration and terms of appointment of auditors of the company.
- v. Approval policies in relation to the implementation of the Insider Trading Code and to supervise implementation of the same.

### Composition

At year ended on 31st March, 2020 the Audit Committee was under the chairmanship of Mr. Pandian Kalyanasundaram, an Independent Non-Executive Director of the company and its members were Ms. Twinkle Singh and Mr. Krishan Diyal Aggarwal. The whole members of committee has vast, diverse and enriched experience in Financial Management, Corporate Affairs, Accounting and Audit matters.

### Other Information

- i. All the members have requisite Financial, Accounting and Management experience.
- ii. The Audit Committee comprises of in term of Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI (LODR) Regulations, 2015.
- iii. The Company Secretary of the Company is a Secretary and compliance officer of the Audit Committee who insure compliance of and effective implementation of the Insider Trading Code.
- iv. Committee invites such of the executives (particularly the head of finance function and internal auditors) as it considers appropriate, to be present at its meetings.

### Meetings and Attendance

There were five (5) meetings of the Audit Committee, held in financial year 2019-20, the date of such meetings was: 29.05.2019, 23.07.2019, 21.08.2019, 23.10.2019 & 12.02.2020. The gap between two meetings did not exceed one hundred and twenty days. The table below gives the attendance record of the Audit Committee meetings.

### Numbers of Meetings held and Attendance

Members	Number of Meeting Held	Number of Meeting Attended
Mr. Krishan Diyal Aggarwal	05	05
Mr. Pandian Kalyanasundaram	05	05
Ms. Twinkle Singh	05	05

The MD, Chief Financial Officer ('CFO'), and the Internal Auditor attend the Meetings of the Committee. The Compliance Officer & Company Secretary is the Secretary of the Committee.

During the year under review, the Audit Committee also held a separate one-to-one meeting with the Statutory Auditors and the Internal Auditor to obtain their inputs on significant matters relating to their respective areas of audit without the presence of the MD & CFO and others representing the Management.

#### **Performance Review of the Audit Committee**

The performance of the Audit Committee is assessed annually by the Board of Directors through a structured questionnaire which broadly covers composition of the Committee, frequency of meetings; engagement of the Members; the quality of discussions; overview of the financial reporting process; adequacy of internal control systems and overview of internal and external audits. The results of the assessment are presented to the Committee along with the action plan in the areas requiring improvement, if any, which are suitably addressed.

### **B. NOMINATION AND REMUNERATION COMMITTEE (NRC)**

The NRC is governed by a Charter in line with the Act and the SEBI Listing Regulations. The Chairman of the Committee is an Independent Director and all the Members on the Committee are Independent Directors.

#### **Terms of reference inter alia, includes the followings:**

- i. Succession planning of the Board of Directors and Senior Management Personnel;
- ii. Identifying and selecting candidates who are qualified for appointment as Directors / Independent Directors based on certain laid down criteria;
- iii. Identifying potential candidates for appointment as Key Managerial Personnel and to recommend to the Board of Directors their appointment and removal;
- iv. Devising a policy on diversity of Board of Directors;
- v. Review the performance of the Board of Directors and Key Managerial Personnel based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors, Key Managerial Personnel, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, the relationship of remuneration to

performance is clear and meets appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay reflecting short term and long-term objectives of the Company.

Accordingly, the Committee recommends to the Board, the remuneration in whatever form payable to the Senior Management including Key Managerial Personnel;

- vi. To recommend to the Board of Directors the extension or continuance in office of the Independent Directors on the basis of the report of their performance evaluation;
- vii. The functions of the Committee have been widened in line with the amendments made to SEBI Listing Regulations.

#### **Meetings and Attendance**

There were two (2) meetings of Nomination and Remuneration Committee held as on 21.08.2019, & 12.02.2020 during the financial year 2019-20. All the members of the committee was present in the both two meetings.

#### **Performance Evaluation criteria for Independent Directors**

The performance evaluation criteria for Independent Directors is determined by the Nomination and Remuneration Committee. An Indicative list of factors on which evaluation was carried out includes participation and contribution by a director, commitment, effective deployment of knowledge and expertise, integrity and maintenance of confidentiality and independence of behaviour and judgment.

#### **Remuneration Policy**

Remuneration policy of the company is designed to create a high-performance culture. It enables the Company to attract, retain and motivate employees to achieve results. The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component). Annual increment are recommended by the Nomination and Remuneration committee with in the salary scale approved by the Board and members.

#### **Remuneration of Directors**

The Company has paid sitting fee to all the Non-Executive Directors of the Company. There is no pecuniary relationship between Non-Executive Directors and the Company except sitting fee paid to them for attending meeting of the Board and Committees. There is no stock option to the Directors of the Company in reference to their Services. The detail of salary and sitting fee as received by member of board is given below:-



Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager
1.		Mr. Pramod Kumar Gupta, Managing Director
	Gross Salary	
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	1,51,66,667
	(b) Contribution to P.F.	21,600
	<b>Total</b>	<b>1,51,88,267</b>
2.		Mr. Inderpal Sharma, Whole Time Director
	Gross Salary	
	(a) Salary as per provisions contained in section 17(1) of Income Tax Act, 1961 (includes all allowances)	6,83,847
	(b) Contribution to P.F.	21,600
	<b>Total</b>	<b>7,05,447</b>
3.		Mr. Kanal Gupta Whole Time Director
	Gross Salary	
	(c) Salary as per provisions contained in section 17(1) of Income Tax Act, 1961 (includes all allowances)	42,00,000
	(d) Contribution to P.F.	21,600
	<b>Total</b>	<b>42,21,600</b>

#### Sitting Fee and Remuneration of other Director

Sr. No.	Particulars of Remuneration (in ₹)	Name of Directors			
		K D Aggarwal	S S K Bhagat	P K Sundaram	Twinkle Singh
1.	• Fee for attending Board Committee Meeting	1,90,000	1,55,000	2,25,000	2,25,000
2.	• Commission	Nil	Nil	Nil	Nil
3.	• Others, Consultancy	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>1,90,000</b>	<b>1,55,000</b>	<b>2,25,000</b>	<b>2,25,000</b>

#### C. STAKEHOLDERS' RELATIONSHIP COMMITTEE

During the financial year 2019-20, the Stakeholders' Relationship Committee comprises with three Members under the chairmanship of Mr. P Kalyanasundaram, an Independent & Non-Executive Director of the Company and other members were Mr. K. D Aggarwal, Mr. Kanal Gupta, and Mr. P.K. Ojha, Company Secretary of the Company acts as a Secretary of this Committee.

During the year, there were Six (6) meetings held by this Committee, the details of which are given below:-

24.04.2019, 29.05.2019, 23.07.2019, 23.10.2019, 31.12.2019 & 12.02.2020;

#### Numbers of Meetings and Attendance

Members	Number of Meeting Held	Number of Meeting Attended
Mr. Kanal Gupta	06	06
Mr. Krishan Diyal Aggarwal	06	06
Mr. Pandian Kalyanasundaram	06	06

#### Shareholder's Complaint

During the year under review, there were seven complaint received from the shareholders which were duly resolved by the Company. At the end of the FY no complaint were pending on SCORE Portal.

## 4. GENERAL BODY MEETING

### a. Annual General Meeting

Location, date and time of last three (3) Annual General Meetings (AGMs) and Special Resolutions passed there at:

Year	Location	Day, Date & Time	Special Resolution
2016-17	Maharani Bagh Community Centre, 1, Central Revenue, Maharani Bagh, New Delhi-110065	Monday, the 25th September, 2017 at 11.00 AM	Yes
2017-18	Maharani Bagh Community Centre, 1, Central Revenue, Maharani Bagh, New Delhi-110065	Wednesday, the 26th September, 2018 at 11.30 am	No
2018-19	Maharani Bagh Community Centre, 1, Central Revenue, Maharani Bagh, New Delhi-110065	Friday, the 20th September, 2019 at 11.00 A.M.	Yes

### b. Postal Ballot

During the FY 2019-20, the company had sought shareholders' approval by way of special business through notice of postal ballot dated 29th May, 2019 for grant of inter corporate loan which was duly passed and result was announced on 18th July, 2019.

Mr. Akash Gupta, Company Secretaries in practice, M. No. 30099, was appointed as scrutinizer to scrutinize the postal ballot and remote e-voting process in a fair and transparent manner.

Resolution No. 01	Particulars of Votes cast							
	E-voting		Ballot Paper		Voting result		% of total valid votes cast to paid up capital	
	No.(a)	% of valid vote	No.(b)	% of valid vote	No. (a+b)	% of total valid vote		
Special Business	To consider and approve the grant of Loan							
	Vote cast in favour	1,77,73,626	100.00	304	100.00	1,77,73,930	100.00	87.54
	Vote cast against	0	0.00	0	0	0	0.00	0.00

5 (Five) Postal Ballot form has been treated as invalid.

## 5. CERTIFICATE FROM PRACTICING COMPANY SECRETARY

A Certificate has been received from Balraj Sharma and Associates, Practicing Company Secretaries, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

## 6. MEANS OF COMMUNICATION

The Company follows a robust process of communicating with its stakeholders and investors. For this purpose, it provides multiple channels of communications through dissemination of information on the on-line portal of the Stock Exchanges, Press Releases, the Annual Reports and by placing relevant information on its website.

The quarterly, half –yearly and annual financial results of the Company are published in leading newspapers in India which include Financial Express and Jansatta (Hindi) circulated in Regional

Area. The results are also displayed on the website of the Company i.e. [www.udt ltd.com](http://www.udt ltd.com) and also available on the website of BSE Ltd. viz. [www.bseindia.com](http://www.bseindia.com). The Company also files the Corporate Governance report, Shareholding pattern, quarterly financial results, etc. in the BSE Listing Centre within stipulated time and date as prescribed by SEBI listing regulations.

The audited financial statements form a part of the Annual Report, which is sent to the Members within the statutory period and in advance of the Annual General Meeting.

The Annual Report of the Company, the quarterly/half yearly and the annual audited financial statements and the press releases of the Company are also placed on the Company's website at [www.udt ltd.com](http://www.udt ltd.com) and can be downloaded.

The presentations on the performance of the Company are placed on the Company's website for the benefit of the institutional investors, analysts and other shareholders immediately after the financial results are communicated to the Stock Exchanges.

## 7. GENERAL SHAREHOLDERS INFORMATION

### 7.1 Annual General Meeting

Date	: Monday, 28th September, 2020 through Video Conferencing
Time	: 11:00 AM
Venue	: Registered Office of the Company

### 7.2 Investor Services

M/s Alankit Assignment Ltd has been appointed as Registrar and Share Transfer Agent (RTA) of the company. All share related services to the Company's investors are being provided by Alankit Assignment Ltd.

Shareholders holding shares in physical form may please note that instructions regarding change of address, bank details, email ids, nomination and power of attorney should be given to the Alankit.

### 7.3 Communication to Members

Members who hold shares in dematerialized form should correspond with the Depository Participant with whom they maintain their Demat Account/s for queries relating to shareholding, Updation of change of address, Updation of bank details for electronic credit of dividend, non-receipt of annual reports or on matters relating to the working of the Company should be addressed to the Company's RTA viz. Alankit.

Members who hold shares in physical form should address their requests to the Company's RTA for change of address, change in bank details, processing of unclaimed dividend, sub division of shares, renewal/split/consolidation of share certificates, issue of duplicate share certificates and such requests should be signed by the first named member, as per the specimen signature registered with the Company. The Company may also, with a view to safeguard the interest of its Members and that of the Company, request for additional supporting documents such as proof of identity and/or address as considered appropriate in addition to the requirement of certified copies of PAN cards.

Members are requested to state their DPID & Client ID/Ledger Folio number in their correspondence with the Company and provide their email address and telephone number to facilitate prompt response from the Company.

Members may please note that with effect from April 1, 2019, shares held in physical form cannot be transferred. Members in their own interest are requested to have their physical holdings dematerialised through a Depository Participant by opening a demat account.

### 7.4 Plant locations

The locations of the Company's plants are given on corporate information page of the Annual Report. The details of the plants, along with their addresses and telephone numbers are also available on the Company's website at [www.udt ltd.com](http://www.udt ltd.com).

## 8. MARKET INFORMATION

### 8.1 Market Price Rate during the FY April, 2019 to March, 2020

Sr. No.	Name of the Month	High Price	Low Price	Closing price	No. of shares traded	Turnover
1.	April-2019	120.00	105.00	110.30	13,175	14,71,378
2.	May-2019	121.90	96.10	113	23,394	24,48,664
3.	June-2019	114.80	84.00	94.95	26,435	26,78,593
4.	July-2019	95.00	71.05	80.7	20,818	17,68,541
5.	August-2019	83.00	59.00	66.6	24,413	16,95,850
6.	September-2019	81.85	63.75	76.5	29,985	22,21,317
7.	October-2019	115.00	70.00	104.5	54,478	49,08,386
8.	November-2019	115.90	97.00	109.4	54,265	56,75,628
9.	December-2019	148.25	104.05	129.8	42,288	50,88,207
10.	January-2020	158.00	108.00	141.15	60,117	83,13,104
11.	February-2020	160.70	112.20	140.2	1,05,856	1,51,34,352
12.	March-2020	156.40	95.00	104.2	1,25,617	1,51,94,919

### 8.2 Shareholding pattern as on 31st March, 2020

Categories	No. of Shares	Percentage (%)
Promoter (Indian, Individual)		
• Pramod Kumar Gupta	1,43,63,800	70.75
• Prabha Gupta	7,89,960	3.89
• Kanal Gupta	2900	0.01
Central / state Government	00	00
Director	600	0.01
Bank and financial institution	200	00
Non Resident India	69873	0.34
Public and other	50,75,793	24.99
<b>Total</b>	<b>2,03,03,126</b>	<b>100</b>

### 8.3 Distribution of shareholding

#### DISTRIBUTION SUMMARY AS ON 31/03/2020

Shareholding No of shares	Shareholders		Total	%
	Physical Number	Demat Number		
1 to 500	2,415	1,610	4,025	78.69
501 to 1,000	388	300	688	13.45
1,001 to 2,000	100	161	261	5.10
2,001 to 3,000	16	48	64	1.25
3,001 to 4,000	4	25	29	0.57
4,001 to 5,000	0	11	11	0.22
5,001 to 10,000	1	20	21	0.41
10,001 to above	0	16	16	0.31
<b>Total</b>	<b>2,924</b>	<b>2,191</b>	<b>5,115</b>	<b>100</b>

Shares Shareholding No of shares	Shareholding		Total	%
	Physical shares	Demat share		
1 to 500	5,84,548	2,75,816	8,60,364	4.24
501 to 1,000	2,93,651	2,35,470	5,29,121	2.61
1,001 to 2,000	1,56,554	2,40,648	3,97,202	1.96
2,001 to 3,000	38,824	1,23,885	1,62,709	0.80
3,001 to 4,000	14,400	87,201	1,01,601	0.50
4,001 to 5,000	0	50,040	50,040	0.25
5,001 to 10,000	6,400	1,34,946	1,41,346	0.70
10,001 to above	0	1,80,60,743	1,80,60,743	88.96
<b>Total</b>	<b>10,94,377</b>	<b>1,92,08,749</b>	<b>2,03,03,126</b>	<b>100</b>

#### 8.4 Shareholding summary as on 31st March, 2020

Particulars	Shares	Percentage (%)
Physical	10,94,377	5.39
NSDL	35,98,770	17.73
CDSL	1,56,09,979	76.88
<b>Total</b>	<b>2,03,03,126</b>	<b>100</b>

## 9. OTHER DISCLOSURES

Particulars	Regulations	Details	Website link for detail/ policy
Related party transaction	Regulation 23 of SEBI Listing Regulation and as defined under the Act	There are no material related party transactions during the year that have conflict with the interest of the Company. Transactions entered into with related parties during the financial year were in the ordinary course of business and at arm's length basis and were approved by the Audit committee. The Boards approved policy for related party transactions is uploaded on the website of the company.	<a href="http://www.udtlimited.com/Investor/Policy of UDT">www.udtlimited.com/Investor/Policy of UDT</a>
Details of Non-compliance by the Company, penalty imposed on the company by the stock exchange , or SEBI or any Statutory authority on the matter related to capital markets	Schedule V ( C ) 10(b) to the SEBI Listing Regulations	There were no cases of non-compliance during the last three financial years.	
Whistle Blower Policy and Vigil Mechanism	Regulation 22 of SEBI Listing Regulations	The company has a Whistle Blower Policy and has established the necessary vigil mechanism for directors and employees to report concerns about unethical behavior. No person has been denied access to the chairman of the Audit Committee. The said policy has been uploaded on the website of the Company.	<a href="http://www.udtlimited.com/Investor/Policy of UDT">www.udtlimited.com/Investor/Policy of UDT</a>

Particulars	Regulations	Details	Website link for detail/ policy
Discretionary requirements	Schedule II Part E of the SEBI Listing Regulation	<ul style="list-style-type: none"> <li>The Auditor's report on financial statements of the Company are unqualified.</li> <li>Internal Auditors of the Company, make quarterly presentations to the audit committee on their reports.</li> </ul>	
Subsidiary Company	Regulations 24 of the SEBI listing Regulations	The Company does not have any material unlisted Indian subsidiary company. The company has a policy for determining "material Subsidiaries" which is disclosed on its websites	<a href="http://www.udtlimited.com/Investor/Policy%20of%20UDT">www.udtlimited.com/Investor/Policy of UDT</a>
Policy on Archival and Preservation of documents	SEBI Listing Regulations 9	The Company had adopted a Policy on Archival and Preservation of Documents	<a href="http://www.udtlimited.com/Investor/Policy%20of%20UDT">www.udtlimited.com/Investor/Policy of UDT</a>
Policy on Determination of Materiality for Disclosures	SEBI Listing Regulations 30	The Company had adopted a Policy on Determination of Materiality for Disclosures	<a href="http://www.udtlimited.com/Investor/Policy%20of%20UDT">www.udtlimited.com/Investor/Policy of UDT</a>
Reconciliation of Share Capital Audit Report	Regulation 76 of the SEBI (DP) Regulations, 2018 and SEBI circular no D&CC/FITTC/ Cir-16/2002 dated December, 31, 2002	A qualified practicing Company Secretary Carried out a share capital audit to reconcile the total admitted equity share capital with the NSDL and CDSL and the total issued and listed equity share capital. The Audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.	
Code of Conduct	Regulation 17 of the SEBI Listing Regulations	The members of the Board and Senior Management personnel have affirmed compliance with the Code of Conduct applicable to them during the year ended March, 31, 2020. The Annual Report of the Company contains a certificate by the Chief Financial officer and Managing Director, on the compliance declarations received from Independent Directors, Non-Executive Directors and Senior Management.	<a href="http://www.udtlimited.com/Investor/Policy%20of%20UDT">www.udtlimited.com/Investor/Policy of UDT</a>
Dividend Distribution Policy	Regulations 43A of the SEBI listing Regulations	Not applicable to the Company.	NA
Terms of Appointment of Independent Directors	Regulations 46 of the SEBI listing Regulations and Section 149 read with Schedule IV of the Act	Terms and conditions of appointment/re-appointment of Independent Directors are available on the Company's website.	<a href="http://www.udtlimited.com/Investor/Policy%20of%20UDT">www.udtlimited.com/Investor/Policy of UDT</a>
Familiarization Program	Regulations 25(7) and 46 of SEBI Listing Regulations	Details of familiarization program imparted to Independent Directors are available on the Company's website.	<a href="http://www.udtlimited.com/Investor/Policy%20of%20UDT">www.udtlimited.com/Investor/Policy of UDT</a>

For and on behalf of the Board  
United Drilling Tools Limited

Date: 25/08/2020  
Place: Noida

Sd/-  
Pramod Kumar Gupta  
Managing Director  
DIN: 00619482



## ANNEXURE- E

## STATEMENT OF PARTICULARS OF EMPLOYEE

Disclosures pertaining to remuneration and other details as required under section 197(12) of the Companies Act, 2013 read with rule 5(1), 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

## Part A

- i. Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the FY 2019-20 and % increase in the remuneration of each Director, CFO and CS during the FY 2019-20 are as under:

Sr. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for financial year 2019-20 INR in Lac	% increase in Remuneration in the Financial Year 2019-20	Ratio of remuneration of each Director/to median remuneration of employees
1	Mr. Pramod Kumar Gupta Managing Director	151.88/-	81	60:1
2	Mr. Kanal Gupta Executive Director	47.88/-	(1.18)	22:1
3	Mr. Inderpal Sharma Executive Director	7.05/-	17	2.8:1
4	Mr. Pramod Kumar Ojha Company Secretary	7.47/-	16	2.9:1
5	Mr. Arun Kumar Thakur Chief Financial Officer	6.41/-	15	2.5:1

- ii. % increase in the median remuneration of employees during the FY 2019-20 – 18.00%
- iii. Number of permanent employee on the rolls of the Company – 222
- iv. Median remuneration of employees of the Company - ₹2,52,298/-
- v. It is hereby affirmed that the remuneration paid as per remuneration policy for Directors, Key managerial Personnel and other employees of the Company.

## Part B

- i. Names of top ten employee in terms of remuneration drawn during the year:

Sr. No.	Name of Employee & Age	Qualification	Designation	Remuneration (₹ In Lac)	Date of Joining	Experience	Last Employment
1	Mr. Pramod Kumar Gupta, 72 Yrs.	MSIE (USA), B.E. (Mech. Engg.)	Managing Director	151.88	21/08/1985	40 Years	Own Business
2	Mr. Kanal Gupta, 38 Yrs	MBA (Finance & HR)	Executive Director	42.21	28/02/2015	15 Years	United Drilling Tools Limited
3	Mr. Mukesh Mehta, 58 Yrs.	CA	DGM - Accounts & Finance	18.00	14/09/2018	30 Years	TPS Infrastructure Limited
4	Mr. Govind Sharma, 58 Yrs.	B.E.	General Manager, Sales & Marketing	15.00	14/01/2019	32 Years	Laxmi Engineering Industries (Bhopal) Pvt. Ltd.
5	Mr. Ajit Kumar, 37 Yrs.	Diploma in Mechanical	Sr. Manager - Operation	14.42	23/07/2018	16 Years	Advance valves Group LLP
6	Mr. Shri Lal Sahu, 62 Yrs.	Diploma in Mechanical	DGM - Design	13.62	05/09/2017	34 Years	SRB Machine Private Limited

Sr. No.	Name of Employee & Age	Qualification	Designation	Remuneration (₹ In Lac)	Date of Joining	Experience	Last Employment
7	Mr. Chandra Pal Sharma, 56 Yrs.	M.Com & PGDM	DGM – HR & Admin.	8.97	02/02/2009	20 Years	Hindustan Everest Tools Limited
8	Mr. Jyoti Kumar Singh, 39 Yrs.	B.E. (CSE)	DGM – Sales & Marketing	8.40	15/04/2010	16 Years	Eneroil Offshore Drilling Limited
9	Ms. Shunali Gupta, 34 Yrs.	PGDM (Marketing)	VP - Marketing	8.36	15/03/2019	10 Years	Milestone Dentsu
10	Mr. Ishwar Dutt Sharma, 56 Yrs.	B.E.	Manager Quality	7.07	15/01/2018	21 Years	Lloyd's Line Pipe Limited

- ii. Employed throughout the year and were in receipt of remuneration for the Financial Year in aggregate of not less than ₹1,02,00,000/- P.A. : None Except as included in section (i).
- iii. Employed part of the year and were in receipt of remuneration for the Financial year in aggregate of not less than ₹8,50,000/- P.A. : None.
- iv. Employed throughout the financial year or part thereof, was in receipt of remuneration in that period, in aggregate, or as the case may be, at a rate which, in aggregate, is in excess of remuneration drawn by Chairman & Managing Director or Whole Time Director or Manager and holds by himself or along with his spouse and dependent Children, not less than 2% of the equity shares of the Company : None

**Note:** Mr. Pramod Kumar Gupta is the father of Mr. Kanal Gupta and Ms. Shunali Gupta is the wife of Mr. Kanal Gupta and are related to each other. None of the other employees are relatives of any director or manager.

For and on behalf of the Board  
United Drilling Tools Limited

Date: 25/08/2020  
Place: Noida

Sd/-  
Pramod Kumar Gupta  
Managing Director  
DIN: 00619482



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	
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of promoter (A) = (A)(1) + (A)(2)</b>	<b>1,51,55,260</b>	<b>2,200</b>	<b>1,51,57,460</b>	<b>74.65</b>	<b>1,51,56,660</b>	<b>-</b>	<b>1,51,56,660</b>	<b>74.65</b>	<b>0.003</b>
<b>B. Public share-holding</b>									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	200	-	200	0.009	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1)</b>	-	-	-	-	<b>200</b>	-	<b>200</b>	<b>0.009</b>	-
2. Non Institutions									
a) Bodies Corp.									
i) Indian	26,58,605	13,900	26,72,505	13.16	26,70,207	13,900	26,84,107	13.22	+0.06
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹2 lac	10,08,657	11,74,412	21,83,069	10.75	10,90,788	10,62,877	21,53,665	10.60	-0.15
ii) Individual shareholders holding nominal share capital excess ₹2 lac	1,46,460	-	1,46,460	0.72	1,38,423	-	1,38,423	0.68	-0.04
c) others (specify)									
NRI	31,088	18,400	49,488	0.24	52,273	17,600	69,873	0.34	+0.10
NBFCs regd with RBI	100	-	100	-	-	-	-	-	-
HUF	92,287	-	92,287	0.45	96,203	-	96,203	0.47	+0.02
Clearing Member	957	-	957	0.01	3,195	-	3,195	0.02	+0.01
Trust	800	-	800	0.01	800	-	800	0.01	-
<b>Sub-Total (B)(2)</b>	<b>39,38,954</b>	<b>12,06,712</b>	<b>51,45,666</b>	<b>25.34</b>	<b>40,51,889</b>	<b>10,94,377</b>	<b>51,46,266</b>	<b>25.34</b>	-
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>39,38,954</b>	<b>12,06,712</b>	<b>51,45,666</b>	<b>25.34</b>	<b>40,52,089</b>	<b>10,94,377</b>	<b>51,46,466</b>	<b>25.34</b>	-
C. Shares held by custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>1,90,94,214</b>	<b>1,22,912</b>	<b>2,03,03,126</b>	<b>100</b>	<b>1,92,08,749</b>	<b>10,94,377</b>	<b>2,03,03,126</b>	<b>100</b>	-

## (ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Pramod Kumar Gupta	1,43,63,800	70.75	6,00,000	1,43,63,800	70.75	6,00,000	-
2	Kanal Gupta	2,900	0.014	-	2,900	0.014	-	-
3	Prabha Gupta	7,90,760	3.89	-	7,89,960	3.89	-	0.003
	<b>Total</b>	<b>1,51,57,460</b>	<b>74.65</b>	<b>6,00,000</b>	<b>1,51,56,660</b>	<b>74.65</b>	<b>6,00,000</b>	<b>0.003</b>

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

Sl. No.		Shareholding 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
1	At the beginning of the year	1,51,57,460	74.65	1,51,57,460	74.65
2	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):	Decrease: Transfer of 800 equity shares as a gift through off-line mode	-	(800)	
3	At the End of the year	1,51,56,660	74.65	1,51,56,660	74.65

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding 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
1.	Cairn Oil Solution Pvt. Ltd.	26,17,778	12.8934	26,36,068	12.9836
2.	Ramji Bhimshi Nagda	35,000	0.1723	35,000	0.1724
3.	Manishkumar Sumatilal Mehta	40,321	0.1985	31,654	0.1559
4.	Baru Lal Goyal	17,930	0.0883	27,198	0.1340
5.	Kanta Suresh Jain	15,219	0.0749	23,156	0.1141
6.	Rita Hitendra Haria	20,000	0.0985	20,000	0.0985
7.	Hasmukh Meghji Mota	18,481	0.0910	18,481	0.0910
8.	Khushalchand Shamji Haria	15,854	0.0780	15,854	0.0781
9.	Varshben Kamleshbhai Prajapati	15,332	0.0755	15,331	0.0755
10.	Bhaviniben Jigeshkumar Sanghavi	14,788	0.0728	14,788	0.0728

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

Sl. No.	For Each of the Directors and KMP	Shareholding 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
1.	<b>Pramod Kumar Gupta</b>				
	At the beginning of the year	1,43,63,800	70.75	1,43,63,800	70.75
	At the End of the year	1,43,63,800	70.75	1,43,63,800	70.75
2.	<b>Prabha Gupta</b>				
	At the beginning of the year	7,90,760	3.89	7,90,760	3.89
	Decrease	Transfer of 800 equity shares as a gift through off-line mode dated 01st July, 2019.			
	At the End of the year	7,89,960	3.89	7,89,960	3.89
3.	<b>Kanal Gupta</b>				
	At the beginning of the year	2900	0.014	2,900	0.014
	At the End of the year	2900	0.014	2,900	0.014
4.	<b>Krishan Diyal Aggarwal</b>				
	At the beginning of the year	600	0.0001	600	0.0001
	At the End of the year	600	0.0001	600	0.0001



**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lac)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	23.03	-	-	23.03
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>23.03</b>	<b>-</b>	<b>-</b>	<b>23.03</b>
Change in Indebtedness during the financial year				
• Addition	26.88	-	-	26.88
• Reduction	-	-	-	-
Net Change	26.88	-	-	26.88
Indebtedness at the end of the financial year				
i) Principal Amount	49.91	-	-	49.91
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>49.91</b>	<b>-</b>	<b>-</b>	<b>49.91</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(₹ in Lac)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Pramod Kumar Gupta	Kanal Gupta	Inderpal Sharma	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	151.88	42.22	7.05	201.15
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit				
	- others, specify...				
5.	Others, please specify	-	-	-	-
	<b>Total (A)</b>	<b>151.88</b>	<b>42.22</b>	<b>7.05</b>	<b>201.15</b>
	Ceiling as per the Act				496.70

**B. Remuneration to other directors:**

(₹ in Lac)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		S S K Bhagat	K D Aggarwal	P K Sundaram	Twinkle Singh	
<b>1. Independent Directors</b>						
	• Fee for attending board committee meetings	1.55	1.90	2.25	2.25	7.95
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>1.55</b>	<b>1.90</b>	<b>2.25</b>	<b>2.25</b>	<b>7.95</b>
<b>2. Other Non-Executive Directors</b>						
	• Fee for attending board committee meetings	-	-	-	-	-
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B) = (1 + 2)</b>	<b>1.55</b>	<b>1.90</b>	<b>2.25</b>	<b>2.25</b>	<b>7.95</b>
	<b>Total Managerial Remuneration</b>	<b>1.55</b>	<b>1.90</b>	<b>2.25</b>	<b>2.25</b>	<b>7.95</b>
	Overall Ceiling as per the Act	Total Managerial Remuneration shall not increase 11% of Net Profit of the Company.				

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(₹ in Lac)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	7.48	6.41	13.89
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as % of profit				
	- others, specify...				
5.	Others, please specify	-	-	-	-
	<b>Total</b>	-	<b>7.48</b>	<b>6.41</b>	<b>13.89</b>

**VII. 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	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>B. DIRECTORS</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>C. OTHERS IN DEFAULT OFFICERS</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board  
**United Drilling Tools Limited**

Date: 25/08/2020  
Place: Noida

Sd/-  
**Pramod Kumar Gupta**  
*Managing Director*  
DIN: 00619482

ANNEXURE- G

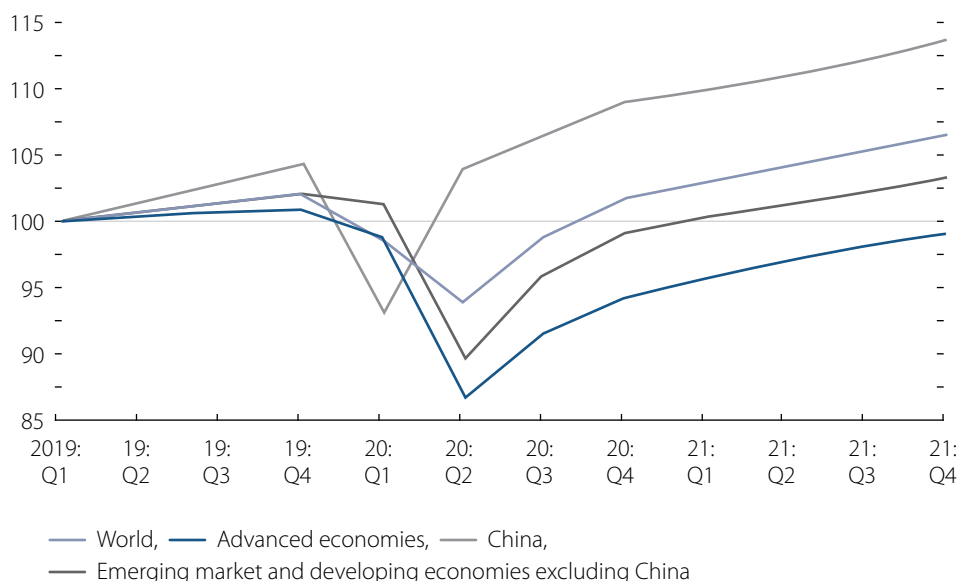
# MANAGEMENT DISCUSSION AND ANALYSIS

## Global economy overview

Escalating trade tensions, tightening financial conditions, deteriorating risk sentiment, a slowdown in domestic investment, and rising policy uncertainties resulted in weak global economic growth in 2019. Global growth in 2019 recorded its weakest pace since the global financial crisis a decade ago, reflecting common influences across countries and country-specific factors. After growing at around 3.7% in 2018, the global economy saw a steep fall in global economic growth in 2019 and expected to have grown at around 2.3%. Further, average real incomes in one-third of commodity-dependent developing countries, which are home to 870 million people, also hit its lowest level since 2014 which again had its share of impact on the global economy.

The global volume of merchandise trade went in reverse in 2019 in contrast to a 21st-century average growth rate of about 3.4% per annum. In many parts of the world, the manufacturing sectors were hovering either in a recession or close to recession territory which again negatively impacted global growth. In response, many central banks began to loosen their monetary policy – rather than tightening them as had been expected a year ago – with some countries (notably China and the United States) providing additional stimulus to boost the economy. Intensifying social unrest in several countries presented with new challenges, while weather-related disasters such as hurricanes in the Caribbean, drought, and bushfires in Australia, floods in eastern Africa, and drought in southern Africa had its own share of impact on the global economy.

Expected quarterly global GDP growth, Pre and Post Covid-19 (2019: Q1 = 100)

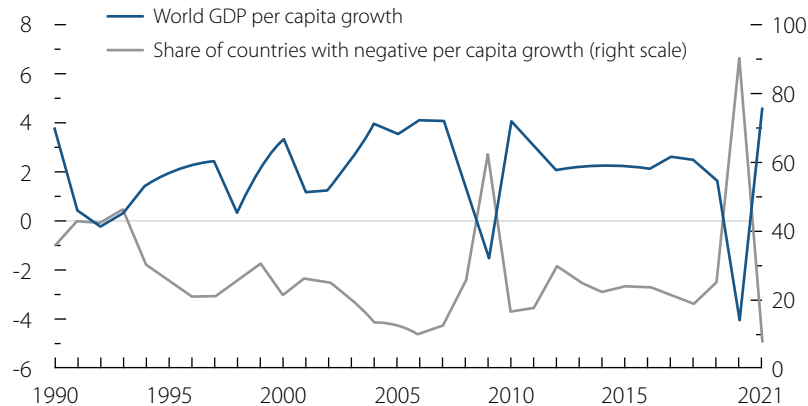


(Source: <https://www.marketwatch.com/story/imf-slashes-world-growth-outlook-for-2020-and-sees-sluggish-turnaround-next-year-2020-06-24>)

### Outlook

The first quarter of 2020 saw things slowly improving with early signs of stabilization reinforced financial market sentiment already shored up by central bank rate cuts and by rising domestic demand in the emerging nations. But the global outbreak of the pandemic Covid-19 in late March 2020 and the subsequent lockdown proved to be a game changer. The fast-spreading coronavirus, which has infected more than 6 million people globally, has led authorities to shut schools and businesses — bringing much of the world’s economic activity to a halt.

#### World growth in GDP per Capita and Recessions (percent)



(Source: <https://www.weforum.org/agenda/2020/04/imf-economy-coronavirus-covid-19-recession/>)

This is likely to impact the global economic growth severely across the globe, and according to International Monetary Fund the global economy is likely to see a 3% contraction in GDP in 2020 and a partial recovery in 2021. The coronavirus pandemic is set to leave 170 countries with lower GDP per capita by the end of the year but with all major economies coming together to help each other is likely see a growth in the economic act.

The COVID-19 pandemic outbreak has, with alarming speed, delivered a global economic shock of enormous magnitude. COVID-19 has triggered a global crisis like no other - a global health crisis that, in addition to an enormous human toll, is leading to the deepest global recession since the second world war. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be

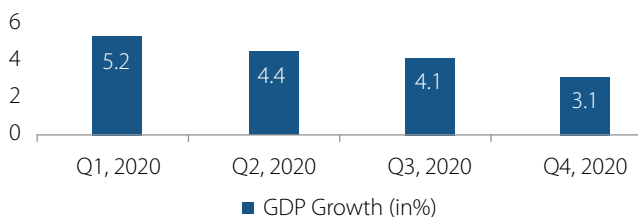
more gradual than previously forecast. Overall, the global growth is projected at – 4.9% in 2020 and a very sluggish recovery in 2021.

### Indian economy overview

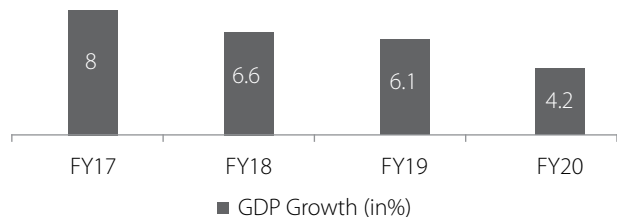
A key player in the global economy, the Indian economy emerged as one of the fastest-growing economies in early 2018 driven by strong consumption demand and steady growth across some of the major sectors. But 2019 proved to be a difficult year for the Indian economy, with the country’s real estate, automobile, construction sectors, and overall consumption demand facing a serious and constant decline.

After decelerating for 6 consecutive quarters, India’s GDP growth in FY20 sustained a steep fall to estimate to have registered a growth of 4.2%, the lowest since FY09 when GDP was 3.1% and well below the 5% estimated at the end of last quarter of FY20.

#### Quarterly growth of the Indian Economy



#### Year-on-year (y-o-y) growth of the Indian Economy



(Source: <https://economictimes.indiatimes.com/news/economy/indicators/indias-gdp-growth-in-q4-fy20-sinks-to-11-year-low/articleshow/76099894.cms>)

Low wages and income inequality resulted in diminishing domestic demand and emerged as the biggest roadblock in India's path for sustainable economic growth. Further, slow growth in rural incomes, domestic demand (as reflected in a sustained fall in sales of automobiles), fall in private investment, and curtailed credit financing from the non-banking financial companies (NBFCs) resulted into further slowing down of the demand. Banks also have shied away from financing large corporate projects, due to risk aversion or the lack of certainty, resulted in a steep fall in manufacturing and construction activities. For instance, the power sector was in an existential crisis for a major part of FY20 owing to non-honouring of PPAs, non-payment of dues, and falling tariffs, among others. This has led to the scaling down or even closure of many power plants, a fact that could explain the fall in power generation in the IIP as well as declining manufacturing demand.

However, the stagnation in private investment, even after the reduction in the interest rates and tax rates, points to issues beyond demand and therefore contradicts the generally believed fact that the slowdown is demand-driven, and therefore cyclical. Further complexities were brought in by the structural problem related to employment. Growth impeding rigidities of the Indian labour market, such as a low labour force participation ratio, a high percentage of rural labour ostensibly engaged in agriculture, but adding little to productivity or income, and a large informal work structure, further worsened the nation's employment structure. Degrowth in almost all the core sectors of the Indian GDP showcased the current critical situation of the Indian economy. The agriculture and allied sector recorded a growth of just 2.8% in FY20 compared to 6.3% in 2016-17, whereas the industrial sector is estimated to have grown at 2.5% in FY20 compared to 6.9% growth in 2018-19 and the manufacturing sector is estimated to have grown at 2.0% during FY20. One of the core sectors of the Indian economy, the services sector also saw degrowth in FY20 and recorded a growth rate of 6.9% compared to 7.5% in FY19.

## Outlook

During the year, the government undertook several decisive measures to boost the Indian economy across different sectors. But the breakout of the Covid-19 pandemic in India since mid-March is likely to have a severe impact on the already slowing Indian economy. The sheer scale of disruption from the phased national lockdown, adopted by the government to contain the outbreak, is unprecedented in Indian history. While the lockdown may have been necessary to limit the spread of the coronavirus, but has resulted in a total stop in almost all the major economic activities in the country and therefore resulting into massive job losses, income loss, and dramatic curtailment of production and infrastructural activities among others. Consumption demand, the bedrock of the Indian economy, also witnessed a steep fall due to the collapse of incomes, and rampant job losses. Further, private investors remained shaken and uncertain, and many small entrepreneurs are likely to be wiped out of the system. Owing to this 2 month long nationwide lockdown, the Indian economy is likely to grow at mere 1.8%

in FY21 as private consumption is likely to contract due to large-scale loss of income in the face of worsening domestic outbreak of COVID-19. Further it is expected that the economy is likely to see a deeper contraction in fixed investments as many businesses' houses would choose to cut back on capital expenditure to conserve cash amid elevated economic uncertainty. This is likely to slow down the recovery further.

The pandemic has paralyzed economies, compelling businesses to re-evaluate their strategies. Companies will need to build their financial muscle and focus on developing a lean structure to stir through the uncertain business environment. However, the industry experts expect the Indian economy to bounce-back and record a growth rate of 6.6% in FY22, on the back of the assumption that the economic activity is likely to see a gradual pick up in the latter half of FY21 and an uptick in demand in the second half.

## Global oil and gas industry overview

Considered being the biggest sector in the world in terms of dollar value, the oil and gas sector is a global powerhouse employing hundreds and thousands of workers across the world and generates hundreds of billions of dollars globally each year. In regions which house the major NOCs, these oil and gas companies are so vital that they often contribute a significant amount towards national GDP.

The oil and gas industry has both a direct and indirect impact on the nation's economy, with oil and gas prices directly affecting the health of the economy as a whole. The oil and gas industry is incredibly important not only to individuals but also for the business houses also. Going back to the pages of history, the pre-eminence of the oil and gas industry has run in parallel with the massive economic advances made in the 20th century and on into the 21st century.

2019 proved to be an important year for the global oil industry as investments in the energy sector finally showcased trends to stabilise after three years of declines between 2015 and 2017. During 2019, the Organisation of the Petroleum Exporting Countries (OPEC) and its non-OPEC partners led by Russia continued to restructure the oil policy with the intent to restrict oil supply, hoping to stabilise the market and prop up oil prices. While the U.S. shale industry started to showcase signs of strain in 2019, with capital budgets reduced for 2020 and the US rig count falling since the mid-2019. US crude oil supply has continued to grow in 2019 but at a slower pace than it did over the past two years.

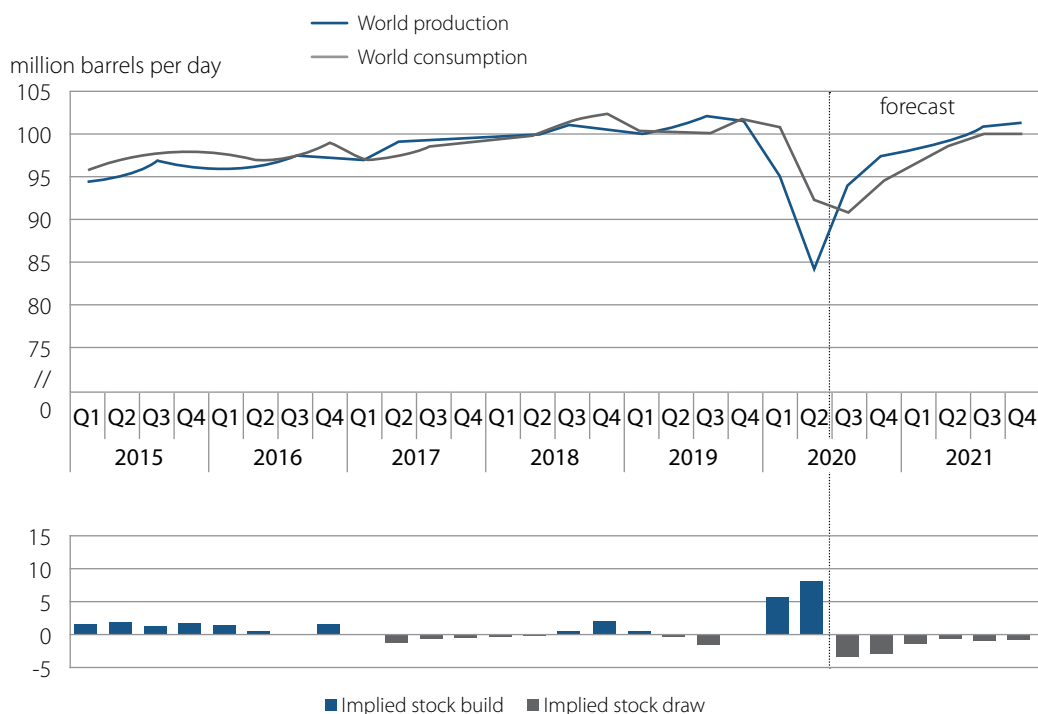
However, stepping in the year 2020, the global oil and gas industry was faced with a steep challenge with outbreak of the Covid-19 pandemic in the first quarter of 2020. With billions of people getting impacted by one of the worst health crises in the recent history, many economies (including the advanced and emerging economies) across the globe and the global economy itself was under pressure in ways not seen since the Great Depression in the 1930s. Declining business activities, rising unemployment, subdued demand, and restricted private investment, impacted economies and industries alike and severely.



Restricted mobility, owing to full or partial lockdown in nearly 187 countries and territories across the world, severely impacted the demand for oil across the globe. According to IEA's Oil Market Report (April 2020), the global oil demand is expected to fall by a record 9.3 mb/d on a year-on-year (y-o-y) basis in 2020, erasing almost a decade of growth. Against this bleak background, the industry expects the policy makers to support with radical steps. Already a number of governments have introduced massive emergency fiscal plans to support workers and businesses. Central banks have also embarked on huge monetary stimulus programmes to help industries to sustain.

Keeping in mind the current situation and in light of the unprecedented depth of the crisis, some of the major global oil producers has agreed to cut output by an initial 9.7 mb/d to maintain a demand and supply equilibrium. Based on the mismatch between production and consumption of liquid fuels, EIA estimates that global oil inventories increased by almost 1.3 billion barrels from the start of 2020 through the end of May. Inventory accumulation caused Brent crude oil spot prices to fall from a monthly average of \$64 per barrel (b) in January to \$18/b in April. In late April, when price declines were the steepest, market participants had concerns about the ability of global storage capacity to hold the quickly rising inventory.

**Global oil production and consumption**



(Source: EIA, Short-term energy outlook report, July 2020)

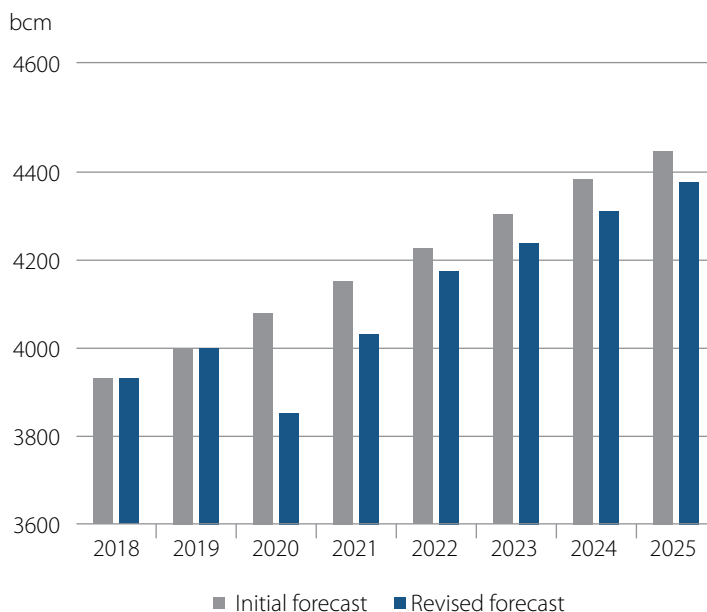
US natural gas production continued to boom in 2019, leading to lower gas prices in the United States. Several new liquefied natural gas (LNG) export facilities started operations in 2019, adding more LNG on the global market at a time when plants in Australia were also ramping up. This increased world supply, coupled with softened demand growth in key LNG importers in Asia, most notably China and Japan, led to weak natural gas and spot LNG prices globally. Gas supply in Europe was also adequate, with storage fuller than in previous years, which also weighed on European prices. The year 2019 also saw several large oil and gas discoveries and the start-up of highly anticipated oil and gas projects around the world, including on the UK Continental Shelf (UKCS).

Natural gas consumption across the world saw a sustained decline in 2019 and 2020, even before the Covid-19 pandemic, mainly due to historically mild temperatures in the northern hemisphere and many other parts of Europe. Consumption by distribution customers (mainly residential and commercial) dropped by 3%, while gas-fired power generation declined by over 5%, squeezed by a combination of high wind generation and lower heating-related electricity consumption. Similarly, US natural gas demand decreased by an estimated 4.5% in Q1 2020 compared with Q1 2019, dragged down by a sharp decline of 18% in residential and commercial demand. Mature Asian markets also experienced a contraction in natural gas consumption. LNG imports in Japan fell by 3% in Q1 2020 relative to

Q1 2019, while in Korea domestic sales for January and February fell by 2.5%. Natural gas demand in China was essentially flat while in India it grew at almost 8% in January and February compared with a year earlier. Global gas consumption is expected to have risen at about 2.6% in 2019 compared to 5.1% in 2018. For 2020, the global natural gas demand is expected to decrease by 5%, thanks to the Covid-19 pandemic outbreak and then the subsequent lockdown. Although this decline is less than the anticipated fall in oil demand,

it reflects the fact that natural gas is less exposed to the collapse in demand for transportation fuels. But, nonetheless, it represents a huge shock to a gas industry that is used to robust growth in consumption. This drop would be the first in annual consumption since 2009, when consumption fell by 2%, and the largest recorded y-o-y drop in consumption since natural gas demand developed at scale during the second half of the 20th century.

Global gas demand in initial and revised forecasts, 2019-2025



(Source: IEA, Fuel Report, June 2020)

**Slowdown in demand and outbreak of covid-19 pushed the crude prices lower**

Brent crude oil prices averaged US\$61.1/bbl in FY 2019-20, lower by 13% y-o-y. Lower global demand and enough supply kept oil prices in check. Oil prices in Q4 FY 2019-20 was lowest as the demand was hit badly by the outbreak of COVID-19 in China, the major demand hub.

**India oil and gas industry overview**

The third largest consumer of crude oil and petroleum products in the world, the Indian oil and gas industry plays a pivotal role in the Indian economy as its one of the eight core industries in India and influences major decision making for different other important sections of the economy. With a total refining capacity of 249.9 million metric tonnes (MMT), India today is the second largest oil refiner in Asia and the fourth-largest oil refiner in the world, the private players contribute nearly 35.36% of the total refining capacity.

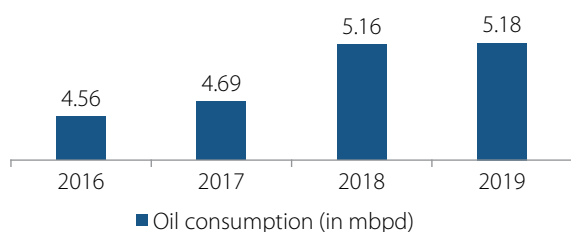
However, in FY20, India’s total consumption of oil and gas remained quite stagnant and India’s consumption of petroleum products

grew at just 4.5% to 213.69 MMT during FY20 from 213.22 MMT in FY19. The Covid-19 pandemic outbreak and the subsequent lockdown had a strong downward demand pull in the month of March. Therefore, it eliminated the overall growth of 2% which the industry had sustained till the penultimate month.

Transportation fuels continued to be the major driver of demand growth; however, a major chunk of the growth was also driven by the steady rise in gasoline and LPG demand. Improving road network, muted on-boarding of the country-wide urban metro network and higher shift to gasoline vehicles with steady decline in gasoline-diesel price difference has more than made up for sub optimal growth in disposable income, overall automobile sales and weak economic activity across the country.

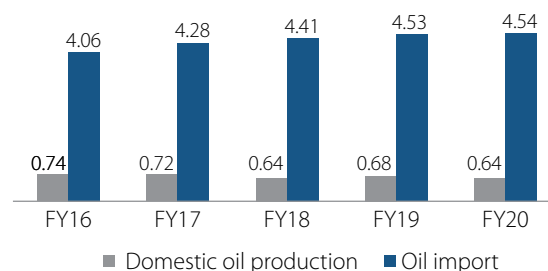
In terms of production, India’s crude oil production in FY20 stood at 30.5 MMT whereas crude import during the same period stood at 4.54 million barrels per day (mbpd) compared to 4.53 mbpd in FY19. India’s oil consumption in CY2019 stood at 5.18mbpd and it is expected to grow to 5.80 mbpd by 2040

### India's growing oil consumption



(Source: Ministry of Petroleum and Natural Gas, BP Statistical Review 2019)

### India's oil production and import scenario (in mbpd)



(Source: Ministry of Petroleum and Natural Gas, BP Statistical Review 2019)

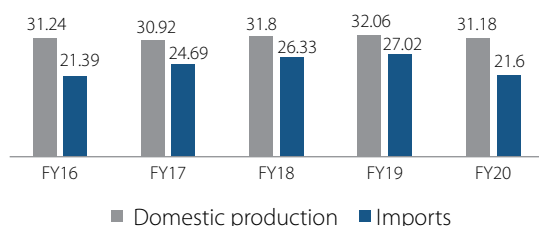
Liquefied Petroleum Gas (LPG) demand in India grew at a CAGR of 2.67% over the last 5 years. However, increasing use of LPG as residential fuel, industrial fuel, in the transportation sector, as well as a clean cooking fuel, is projected to spur the demand for LPG in India over the next five years. Further, owing to the government initiatives, the demand for clean cooking fuel in the rural residential areas is expected to grow further in the coming years, which is further anticipated to contribute to the growth of the Indian LPG market.

The recent slowdown in the automotive sector have negatively impacted the LPG demand, but with the different remedial measures undertaken by the government, LPG demand is anticipated to recover over the next few quarters. Additionally, rapid expansion of LPG production capacity, newly assigned refinery expansion

projects and new pipelines laid all across the major cities in both North and South regions is likely to help sustain the LPG demand through 2030. With nearly 24,670 LPG distributors (PSUs) spread across India coupled with the government's Pradhan Mantri Ujjwala Yojana, under the scheme – five crore LPG connections are to be provided to BPL households, the demand for LPG is likely to increase consistently over the next decade.

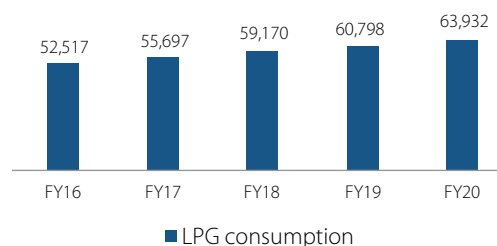
In 2019, the consumption of LPG as a cleaner fuel and as a replacement of firewood in rural areas has increased at a rate of 6%, i.e., by 1.97 MT. With rising awareness amongst the rural population, LPG consumption is expected to reach 143.08 bcm by 2040. The Government is planning to invest US\$ 2.86 billion in the upstream oil and gas production to double the natural gas production to 60 bcm and drill more than 120 exploration wells by 2022.

### Domestic gas production and imports (bcm)



(Source: PPAC, BP Statistical Review 2019)

### India's rising LPG consumption (in mmscm)



(Source: PPAC, BP Statistical Review 2019)

### Impact of the falling oil prices

According to the provisional data, from Petroleum Planning and Analysis Cell (PPAC), in FY20 India's oil import bill slipped to US\$ 101.4 billion from a level of US\$ 111.9 billion in previous fiscal FY19. India's oil import bill has fallen close to 10% in FY20 as the increasing spread of coronavirus and demand squeeze globally has depressed the crude oil prices to about \$ 30 a barrel compared to \$ 70 a barrel in FY19.

### Growth drivers for the Indian oil and gas industry

- India is the world's third largest energy consumer globally. With the rising population count and the rising working population, the demand for oil and gas would continue to rise in the coming years. Diesel demand in India is expected to double to 163 MT by 2029-30. Further, the consumption of natural gas in India is likely to increase by more than three-folds in next 10 years. Crude oil consumption is expected to grow at a CAGR of

3.60% to 500 million tonnes by 2040 from 221.56 million tonnes in 2017. Natural Gas consumption is forecast to increase at a CAGR of 4.18% to 143.08 million tonnes by 2040 from 58.10 million tonnes in 2018.

- Rising gas distribution coverage area is likely to have a positive impact on the gas demand. Gas distribution coverage area has gone up from 20% to 70% over the last few years.
- Abundant availability of raw material. India has oil reserves equal to 604 MMT and natural gas reserves equal to 1.2 TCM.
- Favourable government policies. The Government has allowed 100% foreign direct investment (FDI) in upstream and private sector refining projects. Also, the government has raised the FDI limit for public sector refining projects has been raised to 49% without any disinvestment or dilution of domestic equity in existing PSUs.
- Rising government investment in the sector. The government has announced a massive investment worth USD 118 billion in oil and gas exploration as well as in setting up of natural gas infrastructure in the next few years. The government plans to invest USD 58 billion by 2023 in oil and gas exploration and production, while, another USD 60 billion will be put in creation of natural gas infrastructure such as pipelines, import terminals and city gas distribution networks by 2024.

## Outlook

With India aiming to reduce oil and gas imports dependence by 10% by 2022 and to improve oil security, the government has prioritised reducing oil imports, increasing domestic upstream activities, diversifying its sources of supply and increasing Indian investments in overseas oil fields in the Middle East and Africa. Commendably, India is promoting domestic production with a major upstream reform, the Hydrocarbon Exploration and Licencing Policy (HELP), and is progressively building up dedicated emergency oil stocks. India's strategic petroleum reserve supplements the commercial storage available at refineries.

However, owing to the Covid-19 pandemic outbreak in 2020, the industry expects the demand for petroleum products to fall by ~8% to 4,597 thousand barrels per day in 2020 owing to limited movement of goods and restriction in economic activities. Overall, India's oil demand is expected to fall to 4.60 million barrels per day in 2020, as compared to 5.01 million barrels per day recorded in 2019. High unemployment and poor economic outlook is likely to have a negative impact on the demand. But the industry is optimistic that with the economy and the economic activities on the path of recovery, the demand for oil and gas is likely to touch year-ago levels by the first quarter of 2021.

The Indian oil and gas market is undergoing a rapid transformation over the past few years. Keeping in mind the growing importance of the oil and gas sector, the government adopted different favourable policies which is likely to offer a strong growth outlook with significant new investment opportunities in the medium to long term future. In particular, domestic and foreign companies planning to expand their operations in the India midstream and downstream oil and gas industry is likely to witness new opportunities.

## Company overview

Manufacturer of wire line and well service equipment, gas lift equipment's, downhole tools and large OD casing pipe and connectors, United Drilling Tools Ltd. (henceforth referred as UDTL) is one of the leading manufacturers of high-quality drilling tools and products used in the upstream operations.

UDTL is the largest player in the Indian oil and gas exploration sector providing oil drilling, production and exploration products and commands the largest market share in the Indian context. Backed by state-of-the-art machineries the companies 3 manufacturing facilities has proven track record of manufacturing high-quality products of field-proven test designs in conformity with international standards as per ISO 9001 & American Petroleum Institute (API License No. 5CT-0565, 5L-0424, 7-1-0393, 19G1-0008, 19G2-0010).

## UDTL's SWOT Analysis

Strengths	Weakness	Opportunities	Threats
<ul style="list-style-type: none"> <li>• Established brand reputation and predominant market share</li> <li>• Rich clientele consisting of marquee customers from oil and gas industry</li> <li>• Market leader in India</li> <li>• Longstanding client relationship</li> <li>• Strong Research &amp; Development (R&amp;D) capabilities</li> <li>• Efficiency in working capital management</li> </ul>	<ul style="list-style-type: none"> <li>• Limited exposure in the international market</li> <li>• Moderate scale of operations and tender-based nature of business</li> <li>• Working capital-intensive operations</li> </ul>	<ul style="list-style-type: none"> <li>• Recent initiatives and investment announced by the Government of India for the Indian oil &amp; gas sector is expected to boost industry opportunities</li> <li>• Rising population is expected to drive demand for oil and gas</li> <li>• Lucrative opportunities in international markets</li> </ul>	<ul style="list-style-type: none"> <li>• Rising focus on green and clean energy</li> <li>• Rising popularity of EV</li> <li>• Economic downturn leading to a proportionate and direct impact on the business</li> </ul>

## Financial review

### Analysis of the profit and loss statement

**Revenues:** Revenues from operations during 2019-20 was ₹111.75 crore against ₹156.20 crore in 2018-19. Revenue from operations sustained a decline of 28.46 % during the year. Other incomes of the Company in 2019-20 was ₹2.92 crore compared to ₹0.93 crore in 2018-19 which is just 2.54 % share of the Company's revenues reflecting the Company's dependence on its core business operations.

**Expenses:** Total expenses of the Company decreased by 53.03 % from ₹131.82 crore in 2018-19 to ₹61.91 crore due to efficient inventory management and lower cost of raw materials. Material costs (including purchases of traded goods) accounted for 34.36 % of the Company's revenues, decreased by 40.53 % from ₹63.31 crore in 2018-19 to ₹38.40 crore in 2019-20. Employee expenses, accounting for 9.90 % of the Company's revenues, increased by 11.04 % from ₹10.23 crore in 2018-19 to ₹11.36 crore in 2019-20.

**Profitability:** Company's EBITDA increased to ₹55.96 crore in 2019-20 compared to ₹29.17 crore in 2018-19. Net profit for the year stood at ₹45.22 crore compared to ₹24.74 crore in the previous year. PAT grew by 83% during the year, largely owing to increase in sale of profitable products (Connectors). Operating profit margin for the year stood at 46.01% compared to 16.11% in the previous year, whereas net profit margin stood at 39.43 % in 2019-20 as against 15.74% in 2018-19.

### Analysis of the Balance Sheet

#### Sources of funds

- The net worth of the Company increased by 24.63% from ₹131.68 crore as on 31st March, 2019 to ₹164.11 crore as on 31st March, 2020 owing to increase in reserves and surpluses. The Company's equity share capital comprising 20303126 equity shares of ₹10 each, remained unchanged during the year under review.
- The capital employed by the Company stood at ₹169.76 crore as on March 31, 2020 as compared to ₹136.61 crore as on March 31, 2019. Return on capital employed, a measurement of returns derived from every rupee invested in the business, increased due to increase in sale of profitable products.

- Long-term debt of the Company increased by 299 % to ₹0.42 crore as on March 31, 2020 owing to scheduled repayment of loans. The long-term debt-equity ratio of the Company stood at 57.92 % in 2019-20 compared to 84.84% in 2018-19. Finance cost decreased by 49 % from ₹1 crore in 2018-19 to ₹0.51 crore in 2019-20 primarily on account of reduction in debt and a lower cost of funds. Interest coverage ratio in 2019-20 stood at 11056.55% compared to 2913.32% in the previous year.

#### Applications of funds

Fixed assets (gross) of the Company decreased by 67 % from ₹1.94 crore as on March 31, 2019 to ₹0.64 crore as on March 31, 2020 owing to no significant replacement of Assets. Depreciation and amortisation marginally decreased by 6% from ₹2.87 crore in 2018-19 to ₹2.70 crore in 2019-20.

#### Working capital management

Current assets of the Company decreased by 23.80 % from ₹65.75 crore as on 31st March, 2019 to ₹50.10 crore as on 31st March, 2020. The current and quick ratios of the Company stood at 820 % and 175% respectively in 2019-20 compared to 535 % and 0.90% respectively in 2018-19. It indicates the strong liquidity position of the company and also a testament of the sound financial health of UDTL.

#### Risk management

From being a market leader in the domestic space to establishing itself as an emerging player in the international market, UDTL is perfectly positioned to deal with multiple market risks in a fast-paced business environment. UDTL has adopted several strategies to assess, identify and successfully mitigate risks arising from time to time.

On this front, UDTL is one of few companies in the industry with a narrowed focus on risk management. The Company focused on identifying potential risks and controlling exposure by devising the right mitigation strategies. During the financial year under review, UDTL continued to strengthen its comprehensive system to promptly identify risks, assess their materiality and take measures to minimize likelihood and losses. At UDTL, risk management is applied across all management levels and functional areas.

Risk type	Significance and meaning	UDTL's mitigation strategies
<b>Macroeconomic and uncertainty in external environment</b>	The Company's operations are exposed to political and economic risks, commercial instability and global events beyond the control of the Company which might have adverse impact on it. Further, uncertain situation like pandemic i.e. outbreak of Covid-19 might affect the Company and led to slow down in its operations.	The Company's derives its revenue from the oil & gas sector. This sector is one of the main focused sectors for some of the major economies world. Also, India being an oil dependent country, there is a great focus of the government to be self-sufficient in terms of oil and gas supply. This is likely to drive revenue growth of the company. Further, the Company maintains strong balance sheet, liquidity position and relationship with stakeholders which enables it to mitigate any uncertainties.
<b>Quality risk</b>	Inability to maintain the quality of the products as well as adhered to relevant quality standards might have adverse impact on the Company's reputation as well as profitability.	UDTL adheres to stringent quality standards and ensures that all its products are defect free, of superior quality, and matched the international standards. The Company has also received various quality certification.



Risk type	Significance and meaning	UDTL's mitigation strategies
<b>Technology risk</b>	With the advancement of technology there is a growing need to improve operational efficiency and ensure better customer satisfaction through the usage of advanced systems and processes.	UDTL's manufacturing facilities are equipped with state-of-the-art machines and equipment that helps it to increase its operational efficiency. Further, it also continuously monitors the changes in technological landscape and keep upgrading or replacing its machinery and equipment with the latest one. This also enables the Company to stay ahead of its peers and helps match the international requirement in terms of product quality.
<b>Currency risk</b>	Given the Company's growing presence in the international market, UDTL is exposed to volatility in the exchange rate. Fluctuation of currency rates are likely to adversely impact the profitability of the Company.	The Company enters into forward contracts for hedging foreign exchange exposures thereby eliminating any adverse impact due to fluctuation of exchange rate.
<b>Environment risk</b>	The Company's inability to maintain its environmental footprints under prescribe limits might have adverse impact on the Company's reputation as well as incur financial losses.	UDTL has a strong environment, health and safety management policy in place. It continuously monitors its impact on the environment and take measures to reduce the same. It also follows a systematic approach towards waste management, resource consumption and reduction in carbon emission.
<b>Human Capital risk</b>	A skilled and talented workforce is the key to an organization's success. Unable to retain or acquire competent and experienced employees may hamper the Company's ability to pursue its growth strategies effectively.	The Company has a strong retention and succession policy in place. It regularly undertakes training and development programmes to enhance the skills of its key employee segments such as engineers, quality control engineers, and design / R&D engineers, among others. Further, UDTL also conducts health check-ups to ensure the safety and wellbeing of its workforce.

#### Internal control systems and their adequacy

The internal control system defines a set of rules, procedures and organisational structures that identify, measure, manage and monitor the main risks, allowing sound and fair operation of the Company in line with pre-established objectives and all the short-term and long-term operational goals of the Company. As such this process is aimed at pursuing the values of both procedural and substantial fairness, transparency and accountability, which are key factors for managing UDTL's business.

#### Human resource and Industrial relations

Human resource has become increasingly important for the manufacturing sector owing to the limited availability of skilled manpower in the sector. UDTL, being one of the most established brands in the industry, focused on creating a strong team equipped to address a diverse range of competencies.

The Company adopted best practices dovetailed with the creation of Standard Operating Procedure (SOP) for most functions, resulting in functional consistency. The Company also focused on enhancing the potential and overall well-being of its employees – both in the corporate office and manufacturing facilities.

With the outbreak of COVID-19, UDTL took proactive measures to communicate effectively with its employees and different stakeholders and took the necessary government regulated precautions to ensure safety of its employees and other stakeholders.

The Company provides an engaging workplace environment, attractive growth opportunities and fair compensation. The Company enjoys one of the highest employee retention rates in the industry; it creates leaders within the organisation, strengthening prospects. As of 31st March, 2020, UDAI had 222 employees in its payroll.

#### Cautionary Statement

The statements made in this report describing the Company's objectives, estimations, expectations, projections, outlooks, constitute forward-looking statements within the meaning of applicable securities laws and regulations. Actual results may differ from such expectations, projections, among others, whether express or implied. The statements are based on certain assumptions and future events over which the Company has no direct control. The Company assumes no responsibility to publicly amend, modify and revise any of the statements on the basis of any subsequent developments, information or events.

For and on behalf of the Board  
**United Drilling Tools Limited**

Sd/-  
**Pramod Kumar Gupta**  
Managing Director  
DIN: 00619482

Date: 25/08/2020  
Place: Noida

## ANNEXURE- H

## FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

### 1. Details of contracts or arrangements or transactions not at arm's length basis

- (a) Name(s) of the related party and nature of relationship: Nil
- (b) Nature of contracts/arrangements/transactions: Nil
- (c) Duration of the contracts/arrangements/transactions
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Nil
- (e) Justification for entering into such contracts or arrangements or transactions: Nil
- (f) date(s) of approval by the Board: Nil
- (g) Amount paid as advances, if any: Nil
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: Nil

### 2. Details of material contracts or arrangement or transactions at arm's length basis:-

- (a) Name(s) of the related party and nature of relationship:
- M/s P Mittal Manufacturing Pvt. Ltd in which Mr. Kanal Gupta & Mr. Pramod Kumar Gupta are members and Mr. Kanal Gupta also hold Directorship in the Company.
  - M/s Parveen Industries Pvt. Ltd. in which brother of Mr. Pramod Gupta hold the Directorship as well as membership in the Company.
  - Ms. Shunali Gupta, wife of Executive Director (Mr. Kanal Gupta).
- (b) Nature of contracts/arrangements/transactions:
- The Company (UDTL) has taken Plant & Machinery on lease for the FY 2019-20 & given unsecured Loan with the approval of Shareholders of the Company.
  - The Company enter into transaction(s) for sale, purchase or supply of any goods in the ordinary course of Business.
  - Related Party appointed as Vice President and consultant (for the part of the year) of the Company.

### (c) Duration of the contracts/arrangements/transactions:

- One year for Plant & Machinery & three year for Unsecured Loan.
- One year for transaction(s) with Parveen Industries Pvt. Ltd.
- Appointment of Ms. Shunali Gupta as a consultant – Advertisement & Marketing w.e.f. 1st January, 2020 for eleven month only.

### (d) Salient terms of the contracts or arrangements or transactions including the value, if any:

- The Company paid ₹7,50,000/- per annum for plant and Machinery which was taken on lease. The Company given unsecured Loan of an amount ₹320.00 Lac for a period of three years at interest rate of 8.00% per annum.
- Purchase of Raw Material of an Amount ₹122.02 lac at arm's length basis in the ordinary course of Business.
- Ms. Shunali Gupta appointed as Vice-President of the Company with effect from 15th March, 2019 at a fix remuneration of ₹85,000/- per month including all benefits and perquisites, further she ceased to be a vice president and appointed as consultant of the Company. w.e.f. 01/01/2020

### (e) Date(s) of approval by the Board, if any:

- 23/07/2019 & 12/01/2019
- 23/07/2019
- 25/02/2019 & 23/10/2019

### (f) Amount paid as advances, if any: Nil

For and on behalf of the Board  
**United Drilling Tools Limited**

Sd/-  
**Pramod Kumar Gupta**  
Managing Director  
DIN: 00619482

Date: 25/08/2020  
Place: Noida

## ANNEXURE- I

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The disclosures required to be made under Section 134(3) (m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 on the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given as under:

### A. CONSERVATION OF ENERGY

UDTL is very keen and active towards conservation of Energy in its overall operations. The Initiatives to integrate energy efficiency into overall operations are undertaken through design considerations and operational practices. The key initiatives towards conservation of energy were:

- Smart metering and integration with building management system led to improved monitoring of energy conservation.
- Campaigns and event management awareness program helps UDTL to conservation of Energy.

### B. TECHNOLOGY ABSORPTION

#### Research and Development

The development of latest Technology to improve the products quality and it is essential for the organization to be environmental friendly. The Company continues to use the latest technologies for improving the productivity and quality of its services and products.

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

#### Expenditure on Research and Development:

a.	Capital	2592153
b.	Recurring (Gross)	Nil
c.	Total	2592153
d.	Total R&D expenditure as percentage of total turnover	0.20 %

#### FOREIGN EXCHANGE EARNINGS AND OUTGO

The Forex management is an important mechanism which reflect the economy strength of any Country which was decided by the export and import ratio of products, hence the Company has continued to maintain its focus and availed export opportunities based on economic considerations.

Particulars	2019-20 (Amount in Lac)	2018-19 (Amount in Lac)
Foreign Earning at FOB value	10836.19	15536.24
Outgo: Total foreign Exchange outgo including cost of Imported material	2225.75	1200.50

For and on behalf of the Board  
**United Drilling Tools Limited**

Sd/-

**Pramod Kumar Gupta**

*Managing Director*

DIN: 00619482

Date: 25/08/2020

Place: Noida

## COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director and Executive Directors. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors including the code for Independent Directors. These Codes are available on the Company's website i.e.; [www.udtltd.com](http://www.udtltd.com).

I confirm that the Company has in respect of the year ended March 31, 2020, received from the members of the Board and Senior Management Personnel of the Company, a declaration of compliance with the Code of Conduct as applicable to them.

For and on behalf of the Board  
**United Drilling Tools Limited**

Sd/-  
**Pramod Kumar Gupta**  
*Managing Director*  
DIN: 00619482

Date: 26/06/2020

Place: Noida

### COMPLIANCE CERTIFICATE

(Pursuant to regulation 17(8) of SEBI (LODR) Regulations, 2015)

- A. We have reviewed financial statements and the cash flow statement for the year 2019-20 and that to the best of their knowledge and belief:
- 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2) 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. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
- 1) significant changes in internal control over financial reporting during the year;
  - 2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - 3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **United Drilling Tools limited**

Sd/-  
**Pramod Kr. Gupta**  
Chairman & Managing Director  
DIN:- 00619482

Noida, June 26, 2020

For **United Drilling Tools limited**

Sd/-  
**Arun Kr. Thakur**  
Chief Financial Officer

## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

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, 2020 as stipulated in Regulation 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period April 1, 2019 to March 31, 2020.
2. The compliance of the 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. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.
4. 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 Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paragraph C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the respective periods of applicability as specified under 1 above, during the year ended March 31, 2020.
5. 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  
(Firm Reg. No. 000243C)

**Sd/-**  
**CA Ashok Mangal**  
Partner  
M. No. 071714

Date: 04/08/2020  
Place:- Bhilwara

# Independent Auditor's Report

To  
The Members of United Drilling Tools Ltd.

## Report on the Audit of the Financial Statements

### Opinion

- We have audited the accompanying financial statements of United Drilling Tools Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").
- 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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

- We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) as specified under section 143(10) of the Act. Our responsibilities under those

Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

### Emphasis of Matter

- We draw attention to Note no. 32 D (18) of the accompanying financial statements, which describes the management's evaluation of impact of uncertainties related to COVID-19 and its consequential effects on the operations of the Company. Our opinion is not modified in respect of this matter.

### Key Audit Matters

- Key audit matters (KAM) are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matter
<p>Revenue recognition - Refer Note 32B(2C) of the financial statements</p> <p>The company manufactures and sells a major products and services to its customers, mainly through international competitive bids and supply them by plants situated in SEZ. Director General Hydro Carbon provides special status to import from SEZ to Indian Oil Drilling Companies under international competitive bidding at special import duty and issue Essential Certificate (EC) to these companies against each invoice issued by the seller to those importing domestic companies. To follow the process, Invoice is issued and it takes normally two weeks' time to get EC by the buyer companies. Being material ready for despatch, but pending for delivery to buyer for want of submission of EC by the buyers are taken into sales and is part of revenue. The company has analysed this and concluded on the principles for deciding in which period or periods the company's sales transactions should be recognized as revenue. The accounting policies and the note to the standalone Ind AS financial statement provide additional information on how the company accounts for its revenue. (See Note 32B(2C).</p>	<p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ol style="list-style-type: none"> <li>Evaluated the design of internal controls relating to revenue recognition</li> <li>Selected a sample and tested the operating effectiveness of the internal control.</li> <li>Carried out a combination of procedures involving enquiry and observation, performance and inspection of evidence in respect of operation of these controls.</li> <li>Read, analysed and identified the distinct performance obligations in these bids.</li> <li>Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue.</li> <li>Samples in respect of revenue recorded customer acceptances, subsequent invoicing and historical trend of collections and disputes.</li> <li>Performed analytical procedures for reasonableness of revenues disclosed by type of product and service offerings.</li> </ol>



### Information other than the Financial Statements and Auditor's Report hereon

6. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's Responsibility for the Financial Statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 adequate 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.

8. In preparing the financial statements, management and board of directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards of Auditing (SAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
  14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other Legal and Regulatory Requirements

15. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

16. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
17. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
18. As required by Section 143(3) of the Act, based on our audit 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 purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as

on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

- f. With respect to the matter to be included in the Auditors' Report under section 197(16) of the Act, as amended:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act.

- g. 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.

- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **R S Dani & Co.**  
Chartered Accountants  
(Firm's Registration No. 000243C)

Sd/-  
**Ashok Mangal**

Partner

(Membership No.071714)

Place : Noida,  
Date : June 26, 2020

## Annexure "A" to the Independent Auditors' Report on the Ind AS Financial Statement of United Drilling Tools Ltd.

The Annexure referred to in paragraph 1, under report on Other Legal and Regulatory Requirements' section of our report of even date to the members of United Drilling Tools Ltd. on the Ind AS financial statements for the year ended 31 March 2020,

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) In respect of fixed assets :
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) As explained to us, the Company has a regular program of physical verification of its fixed assets by which fixed assets are verified and no material discrepancies were noticed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds/lease deeds of immovable properties (which are included under the Note 1 of the financial statements –Property, plant and equipments') are held in the name of the Company except for the immovable properties which were acquired by entities that have since been amalgamated with the Company.
- (ii) As explained to us physical verification of inventory has been conducted at reasonable intervals by the management and discrepancies noticed on such physical verification between physical stocks and book records were not material considering the operations of the Company and the same have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has granted unsecured loans to entities covered in the register maintained under section 189 of the Companies Act, 2013 and with respect to the same:
  - (a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest.
  - (b) the schedule of repayment of principal and payment of interest has been stipulated and the repayment/receipts of the principal amount and the interest are regular;
  - (c) there is no overdue amount in respect of loans granted;
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to loans and advances given, investments made, guarantees and securities given.
- (v) According to the information and explanations given to us and on the basis of our examination of the records of the Company, 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. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) In respect of statutory dues :
  - (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, GST and cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance, duty of excise and GST. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, GST, Cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no material dues of duty of customs, income tax, sales tax, duty of excise, service tax, GST and value added tax which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) In our opinion and according to the information & explanations given to us, the company has not defaulted in repayment of dues to banks and financial institutions. The Company does not have any loans or borrowings from government or debenture holders during the year.
- (ix) In our opinion and according to the information and the explanations given to us, the term loans have been applied for the purposes for which they were obtained. Further as per the records, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments).
- (x) Based upon the audit procedures performed and to the best of our knowledge and belief and according to the information and explanations given to us no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable Ind AS.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **R S Dani & Co.**  
Chartered Accountants  
(Firm's Registration No. 000243C)

Sd/-  
**Ashok Mangal**

Partner  
(Membership No.071714)

Place : Noida,  
Date : June 26, 2020

## Annexure “B” to the Independent Auditors’ Report on the Ind AS Financial Statement of United Drilling Tools Ltd.

The Annexure referred to in paragraph 2(f), under report on Other Legal and Regulatory Requirements’ section of our report of even date to the members of United Drilling Tools Ltd. on the Ind AS financial statements for the year ended 31 March 2020,

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

1. We have audited the internal financial controls over financial reporting of United Drilling Tools Ltd. (“the Company”) as of 31 March 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

### Management’s Responsibility for Internal Financial Controls

2. The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors’ Responsibility

3. Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both

issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

6. A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that
  - (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
  - (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and



expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **R S Dani & Co.**  
Chartered Accountants  
(Firm's Registration No. 000243C)

**Sd/-**  
**Ashok Mangal**  
Partner  
(Membership No.071714)

Place : Noida,  
Date : June 26, 2020

**Balance Sheet** as at 31st March, 2020

₹ In Lacs

Particulars	Note No.	As at 31 st March 2020	As at 31 st March 2019
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	1	924.43	990.62
Capital work-in-progress	1	-	-
Intangible assets	1	2,337.57	2,437.24
Intangible assets under development	1	171.83	145.91
<b>Financial assets</b>			
Investments	2		
Loans	3	920.00	606.13
Other Financial Assets	4	5,731.94	1,966.21
Other non-current assets	5	2,491.36	2,168.92
<b>Total non current assets</b>		<b>12,577.13</b>	<b>8,315.03</b>
<b>Current assets</b>			
Inventories	6	2,277.26	2,299.02
<b>Financial assets</b>			
Investments	7		
Trade and other receivables	8	1,238.36	2,744.44
Cash and cash equivalents	9	1,068.84	1,108.97
Loans and advances	10	249.98	258.76
Other current assets	11	175.28	163.94
<b>Total current assets</b>		<b>5,009.72</b>	<b>6,575.13</b>
<b>Total Assets</b>		<b>17,586.85</b>	<b>14,890.16</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	12	2,030.31	2,030.31
Other equity	13	14,380.49	11,137.35
<b>Total Equity</b>		<b>16,410.80</b>	<b>13,167.66</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Long term borrowings	14	41.94	14.01
Other financial liabilities	15	-	-
Provisions	16	84.42	71.76
Deferred tax liabilities (Net)	17	417.79	397.88
Other non-current liabilities	18	20.69	9.37
<b>Total non current liabilities</b>		<b>564.84</b>	<b>493.02</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Short term borrowings	19	-	-
Trade and other payables	20		
Dues to Micro and Small Enterprises		4.36	0.56
Other then dues to Micro and Small Enterprises		167.26	524.59
Other financial liabilities	21	7.96	9.03
Other current liabilities	22	396.47	695.31
Short-term provisions	23	35.16	-
<b>Total current liabilities</b>		<b>611.21</b>	<b>1,229.49</b>
<b>Total liabilities</b>		<b>1,176.05</b>	<b>1,722.51</b>
<b>Total Equities and Liabilities</b>		<b>17,586.85</b>	<b>14,890.16</b>
Significant Accounting Policies and other disclosures on Financial Statements	32		

In terms of our report of even date attached.

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

Sd/-  
**Ashok Mangal**  
Partner  
M.No. 071714

Place : NOIDA  
Date : June 26, 2020

For United Drilling Tools Ltd.

Sd/-  
**Pramod Kumar Gupta**  
Managing Director  
(DIN 00619482)

Sd/-  
**Dr. Kanal Gupta**  
Whole Time Director  
(DIN 01050505)

Sd/-  
**A K Thakur**  
CFO

Sd/-  
**K.D.Aggarwal**  
Independent Director  
(DIN 00861164)

Sd/-  
**Inderpal Sharma**  
Whole Time Director  
(DIN 07649251)

Sd/-  
**P K Ojha**  
Company Secretary

Sd/-  
**P Kalayanasundaram**  
Independent Director  
(DIN 02568099)

Sd/-  
**Twinkle Singh**  
Independent Director  
(DIN 07777298)

**Statement of Profit & Loss** for the year ended on 31st March, 2020

₹ In Lacs

Particulars	Note No.	For the Current year ended on 31.3.2020	For the Previous year ended on 31.3.2019
<b>INCOME</b>			
Revenue from operations	24	11,175.08	15,619.83
Other Income	25	291.82	92.97
<b>Total Income</b>		<b>11,466.90</b>	<b>15,712.80</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	26	3,840.75	6,331.37
Changes in Inventories of Finished goods, Work-in-Progress and Stock-in-Trade	27	244.08	3,992.09
Employee Benefit Expense	28	1,135.75	1,023.25
Financial Costs	29	50.61	100.14
Depreciation and Amortization Expense	1	269.69	286.68
Other Expenses	30	650.60	1,448.69
<b>Total Expenses</b>		<b>6,191.48</b>	<b>13,182.22</b>
Profit before Tax		5,275.42	2,530.58
<b>Tax expense:</b>			
(1) Current tax MAT		390.25	471.36
(2) Current Tax		733.71	68.70
(3) Deferred tax		19.92	(11.67)
(4) For earlier period		-	-
(5) Less : MAT Credit available		390.25	471.36
<b>Profit/(Loss) for the period (XI + XIV)</b>		<b>4,521.80</b>	<b>2,473.55</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified to profit or loss		(8.91)	(5.49)
Income tax relating to items that will not be reclassified to the profit or loss		(2.57)	(1.51)
Items that will be reclassified to profit or loss			
Income tax relating to items that will be reclassified to the profit or loss			
<b>Total comprehensive income for the year</b>		<b>4,515.46</b>	<b>2,469.57</b>
Earning per equity share:	31		
(1) Basic		22.24	12.16
(2) Diluted		22.24	12.16
Significant Accounting Policies and other disclosures on Financial Statements	32		

In terms of our report of even date attached.

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

Sd/-  
Ashok Mangal  
Partner  
M.No. 071714

For United Drilling Tools Ltd.

Sd/-  
Pramod Kumar Gupta  
Managing Director  
(DIN 00619482)

Sd/-  
Dr. Kanal Gupta  
Whole Time Director  
(DIN 01050505)

Sd/-  
A K Thakur  
CFO

Sd/-  
K.D. Aggarwal  
Independent Director  
(DIN 00861164)

Sd/-  
Inderpal Sharma  
Whole Time Director  
(DIN 07649251)

Sd/-  
P K Ojha  
Company Secretary

Sd/-  
P Kalayanasundaram  
Independent Director  
(DIN 02568099)

Sd/-  
Twinkle Singh  
Independent Director  
(DIN 07777298)

Place : NOIDA

Date : June 26, 2020

## Cash Flow Statement for the year ended on 31st March, 2020

₹ In Lacs

Particulars	As at 31st March 2020	As at 31st March 2019
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before Tax	5,266.52	2,525.09
Items Adjustment for :		
Depreciation	269.69	286.68
Profit on sale of Fixed Assets	-	0.75
<b>Operating profit Before Change in working capital</b>	<b>5,536.21</b>	<b>2,811.03</b>
Adjustment for :		
Trade & Other Receivable	1,506.10	4,342.81
Inventories	21.76	3,827.89
Loans & Advances	(2.56)	(41.30)
Trade Payable	(353.55)	(5,113.18)
Other Non Current Assets	(4,402.04)	(2,565.52)
Other Current Liabilities	(299.91)	(118.98)
Provisions	12.66	11.61
Short Term Provisions	35.16	-
Other Non Current Liabilities	11.32	(31.71)
<b>Cash Generated from operations</b>	<b>2,065.15</b>	<b>3,122.65</b>
Less : Direct Taxes paid	731.14	67.19
Cash flow before Extra Ordinary Items	1,334.01	3,055.45
Less : Profit/(Loss) on Sale of Fixed Assets	-	-
<b>Net cash flow from operating activities</b>	<b>1,334.01</b>	<b>3,055.45</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Increase/Transfer of fixed Assets	129.74	105.24
Sales of fixed Assets	-	4.12
Encashment of Investment	-	-
<b>Net cash used in investing activities</b>	<b>129.74</b>	<b>101.12</b>

## Cash Flow Statement for the year ended on 31st March, 2020

₹ In Lacs

Particulars	As at 31st March 2020	As at 31st March 2019
<b>CASH FLOW FROM FINANCE ACTIVITIES</b>		
Proceeds from Banks, Financial Institution	-	(1,531.86)
Other Secured Loans	27.93	(9.03)
Unsecured Loans	-	-
Preferential Share Capital (Redemption)	-	-
Payment of dividend	(1,272.33)	(439.65)
Receipt in Calls in Arrear	-	-
<b>Net Cash Flow from Financing Activities</b>	<b>(1,244.40)</b>	<b>(1,980.54)</b>
<b>Net increase in cash and equivalents</b>	<b>(40.13)</b>	<b>973.80</b>
Cash and Cash Equivalents as at 1.4.2019 (Op. Bal.)	1,108.97	135.17
<b>Cash and Cash Equivalents as at 31.3.2020 ( Clo.Bal.)</b>	<b>1,068.84</b>	<b>1,108.97</b>

In terms of our report of even date attached. For United Drilling Tools Ltd.

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

Sd/-  
**Pramod Kumar Gupta**  
Managing Director  
(DIN 00619482)

Sd/-  
**K.D.Aggarwal**  
Independent Director  
(DIN 00861164)

Sd/-  
**P Kalayanasundaram**  
Independent Director  
(DIN 02568099)

Sd/-  
**Ashok Mangal**  
Partner  
M.No. 071714

Sd/-  
**Dr. Kanal Gupta**  
Whole Time Director  
(DIN 01050505)

Sd/-  
**Inderpal Sharma**  
Whole Time Director  
(DIN 07649251)

Sd/-  
**Twinkle Singh**  
Independent Director  
(DIN 07777298)

Sd/-  
**A K Thakur**  
CFO

Sd/-  
**P K Ojha**  
Company Secretary

Place : NOIDA  
Date : June 26, 2020

## Statement of Changes in Equity for the year ended 31st March 2020

### A. Equity share capital

₹ In Lacs

	Balance at the beginning of the reporting period i.e. 1st April, 2018	Changes in equity share capital during the year 2018-19	Balance at the end of the reporting period i.e. 31st March, 2019	Changes in equity share capital during the year 2019-20	Balance at the end of the reporting period i.e. 31st March, 2020
Equity share capital	1,015.16	1,015.16	2,030.31		2,030.31
<b>Total</b>	<b>1,015.16</b>	<b>1,015.16</b>	<b>2,030.31</b>	-	<b>2,030.31</b>
Note : Details of Changes					
Increase in Equity for receipt of Calls in arrear	-	-	-	-	-
Increase in Equity for issue of Bonus Shares	-	-	-	-	-
Decrease in Equity due to money transferred to Share Forfeiture A/c being amount paid up on forfeited Equity Shares	-	-	-	-	-
Net Amount Increase / (Decrease)	-	-	-	-	-
Decrease in Issued and paid up Equity for forfeiture of Shares (Paid up Value)	-	-	-	-	-

### B. Other Equity

₹ In Lacs

	Share Forfeiture Account	Reserves and Surplus					Other comprehensive income	Total
		Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	General Reserve	Retained Earnings		
<b>As on 31st March, 2019</b>								
Balance at the beginning of the reporting period i.e. 1st April, 2018	3.84	1,783.04	1,001.17	1,248.68	8.09	6,078.53	(0.77)	10,122.59
Total comprehensive income for the year	-	-	-	-	-	2,473.55	(3.98)	2,469.57
Dividends	-	-	-	-	-	365.46		365.46
Tax on Dividends	-	-	-	-	-	74.19		74.19
Less :Issue of Bonus Shares	-	-	1,001.17	13.99	-			1,015.16
Transfer to retained earnings					491.91	(491.91)		-
<b>Balance at the end of the reporting period i.e. 31st March, 2019</b>	<b>3.84</b>	<b>1,783.04</b>	<b>-</b>	<b>1,234.69</b>	<b>500.00</b>	<b>7,620.52</b>	<b>(4.75)</b>	<b>11,137.35</b>



## Statement of Changes in Equity for the year ended 31st March 2020

₹ In Lacs

	Share Forfeiture Account	Reserves and Surplus					Other comprehensive income	Total
		Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	General Reserve	Retained Earnings		
<b>As on 31st March, 2020</b>								
Balance at the beginning of the reporting period i.e. 1st April, 2019	3.84	1,783.04	-	1,234.69	500.00	7,620.52	(4.75)	11,137.35
Total comprehensive income for the year						4,521.80	(6.34)	4,515.46
Dividends						1,055.76		1,055.76
Tax on Dividends						216.57		216.57
Transfer to / (from) retained earnings								-
<b>Balance at the end of the reporting period i.e. 31st March, 2020</b>	<b>3.84</b>	<b>1,783.04</b>	<b>-</b>	<b>1,234.69</b>	<b>500.00</b>	<b>10,869.99</b>	<b>(11.09)</b>	<b>14,380.49</b>

In terms of our report of even date attached. For United Drilling Tools Ltd.

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

Sd/-  
**Pramod Kumar Gupta**  
Managing Director  
(DIN 00619482)

Sd/-  
**K.D.Aggarwal**  
Independent Director  
(DIN 00861164)

Sd/-  
**P Kalayanasundaram**  
Independent Director  
(DIN 02568099)

Sd/-  
**Ashok Mangal**  
Partner  
M.No. 071714

Sd/-  
**Dr. Kanal Gupta**  
Whole Time Director  
(DIN 01050505)

Sd/-  
**Inderpal Sharma**  
Whole Time Director  
(DIN 07649251)

Sd/-  
**Twinkle Singh**  
Independent Director  
(DIN 07777298)

Sd/-  
**A K Thakur**  
CFO

Sd/-  
**P K Ojha**  
Company Secretary

Place : NOIDA  
Date : June 26, 2020

## Notes to the Financial Statements for the year ended 31st March 2020

### Note 1) Property, Plant & Equipment

₹ In Lacs

Own Assets	GROSS BLOCK									
	As on 1-Apr-18	Add/Ded. Due to Inter Unit/head Tr.	Additions	Adjustment/ Deduction	Impact of IND AS Transactions	As on 1-Apr-19	Add/Ded. Due to Inter Unit/head Tr.	Additions	Adjustment/ Deduction	As on 31-Mar-20
Tangible Assets										
Land	66.92	-	-	-	-	66.92	-	-	-	66.92
Building	809.67	-	-	-	-	809.67	-	-	-	809.67
Electric Fitting	82.87	24.76	-	-	-	107.64	-	0.13	-	107.77
Plant & Machinery & Equipments										
Plant & Machinery	455.34	(152.99)	8.54	-	-	310.90	-	0.53	-	311.42
Tools & Dies	166.52	-	5.26	-	-	171.78	-	1.73	-	173.51
Generator	36.84	1.90	-	-	-	38.74	-	-	-	38.74
Testing & Other Equipment	78.11	126.33	10.58	-	-	215.02	-	15.14	-	230.16
Office Equipment	57.17	-	2.11	-	-	59.28	-	1.48	-	60.75
Safety Equipment	18.19	-	0.21	-	-	18.40	-	0.13	-	18.54
R&D Tech Equip P & M	140.61	-	29.45	-	-	170.06	-	-	-	170.06
Furniture & Fittings	36.17	-	0.60	-	-	36.76	-	0.76	-	37.52
Computer	37.04	-	1.93	-	-	38.97	-	2.78	-	41.75
Vehicles	233.92	-	4.92	3.70	-	213.87	-	77.29	-	291.16
<b>TOTAL (A)</b>	<b>2,219.38</b>	<b>-</b>	<b>63.59</b>	<b>3.70</b>	<b>-</b>	<b>2,258.01</b>	<b>-</b>	<b>99.97</b>	<b>-</b>	<b>2,357.98</b>
Intangible Assets *										
Patented Technologies	4,758.81	-	-	-	-	4,758.81	-	-	-	4,758.81
Software	5.61	-	-	-	-	5.61	-	3.86	-	9.47
<b>TOTAL (B)</b>	<b>4,764.42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,764.42</b>	<b>-</b>	<b>3.86</b>	<b>-</b>	<b>4,768.28</b>
<b>TOTAL (A+B)</b>	<b>6,983.81</b>	<b>-</b>	<b>63.59</b>	<b>3.70</b>	<b>-</b>	<b>7,022.43</b>	<b>-</b>	<b>103.83</b>	<b>-</b>	<b>7,126.26</b>
Intangible Asset under development	104.26	-	41.65	-	-	145.91	-	25.92	-	171.83

1.1 For Properties pledged as security - refer Note 19.1

1.2 Intangible Assets are other than internally generated except which is under development.

1.3 There are some changes in internal classification of Fixed Assets, among Plant & machinery, Electric Fittings and Testing & Other Equipments, the depreciation rate being the same there are no changes in the results for current year or earlier year.

₹ In Lacs

DEPRECIATION										NET BLOCK		
As on 1-Apr-18	Add/Ded. Due to Inter Unit/ head Tr.	Additions	Adjustment/ Deduction	Impact of IND AS Transactions	As on 1-Apr-19	Add/Ded. Due to Inter Unit/head Tr.	For the Year	Adjustment/ Deduction	As on 31-Mar-20	As on 31-Mar-20	As on 31-Mar-19	
0.91	-	0.91	-	-	1.83	-	0.91	-	2.74	64.18	65.10	
310.23	-	47.45	-	-	357.68	-	42.94	-	400.62	409.05	451.99	
51.94	17.60	5.60	-	-	75.14	-	5.90	-	81.04	26.73	32.50	
249.87	(97.81)	37.74	-	-	189.80	-	21.98	-	211.78	99.64	121.09	
107.85	-	19.47	-	-	127.32	-	14.14	-	141.46	32.05	44.46	
18.96	1.15	3.24	-	-	23.35	-	2.79	-	26.14	12.61	15.39	
21.00	79.05	15.83	-	-	115.89	-	26.89	-	142.78	87.39	99.13	
49.67	-	3.75	-	-	53.42	-	3.01	-	56.42	4.33	5.86	
9.61	-	1.56	-	-	11.17	-	1.31	-	12.48	6.06	7.23	
81.21	-	14.69	-	-	95.90	-	13.42	-	109.33	60.74	74.16	
27.77	-	2.22	-	-	30.00	-	1.87	-	31.87	5.65	6.77	
31.64	-	3.51	-	-	35.15	-	3.18	-	38.33	3.43	3.82	
144.61	-	27.75	21.59	-	150.76	-	27.82	-	178.59	112.57	63.12	
1,105.27	-	183.72	21.59	-	1,267.40	-	166.16	-	1,433.56	924.43	990.62	
2,222.57	-	101.38	-	-	2,323.95	-	101.38	-	2,425.32	2,333.48	2,434.86	
1.64	-	1.59	-	-	3.23	-	2.16	-	5.39	4.09	2.38	
2,224.21	-	102.96	-	-	2,327.18	-	103.53	-	2,430.71	2,337.57	2,437.24	
3,329.48	-	286.68	21.59	-	3,594.58	-	269.69	-	3,864.27	3,262.00	3,427.86	
										171.83	145.91	

## Notes to the Financial Statements for the year ended 31st March 2020

### Note 2) Investments

Particulars	₹ In Lacs	
	As at 31st March 2020	As at 31st March 2019
Investments	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### Note 3) Loans

Particulars	₹ In Lacs	
	As at 31st March 2020	As at 31st March 2019
Loans	920.00	606.13
<b>Total</b>	<b>920.00</b>	<b>606.13</b>

Note : The amount of ₹920.00 Lacs due to related party refer note 32(D)10.

### Note 4) Other Financial Assets

Particulars	₹ In Lacs	
	As at 31st March 2020	As at 31st March 2019
Fixed Deposit	5,731.94	1,966.21
(Including accrued interest of ₹179.79 Lacs ( Pr. Year ₹70.06 Lacs)		
<b>Total</b>	<b>5,731.94</b>	<b>1,966.21</b>

### Note 5) Other Non Current Assets

Particulars	₹ In Lacs	
	As at 31st March 2020	As at 31st March 2019
Security Deposits & Advances	36.49	33.39
Advance Income Tax ( Net of Provisions) and MAT	2,416.53	2,122.12
Other Non Current assets	38.34	13.41
<b>Total</b>	<b>2,491.36</b>	<b>2,168.92</b>
<b>Advance Income Tax ( Net of Provisions)</b>		
At the beginning of the year	2,122.12	1,433.88
Charges of the year	731.14	67.19
Others	33.50	0.08
Tax Paid during the year	992.05	755.35
At the end of the year	2,416.53	2,122.12

### Note 6) Inventories

Particulars	₹ In Lacs	
	As at 31st March 2020	As at 31st March 2019
(Valued at cost or Market value whichever is lower)		
Raw Material	997.88	775.02
Work-in-Progress	1,020.35	1,090.67
Finished Goods	10.76	184.52
Stores & Spares	248.27	248.81
<b>Total</b>	<b>2,277.26</b>	<b>2,299.02</b>

### Note 7) Investments

Particulars	₹ In Lacs	
	As at 31st March 2020	As at 31st March 2019
Investments	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### Note 8) Trade and other receivables

Particulars	₹ In Lacs	
	As at 31st March 2020	As at 31st March 2019
Unsecured, Considered Good :		
Outstanding for more than six months	577.02	10.18
Others	661.34	2,734.26
<b>Total</b>	<b>1,238.36</b>	<b>2,744.44</b>

## Notes to the Financial Statements for the year ended 31st March 2020

### Note 9) Cash & Cash Equivalent

₹ In Lacs

Particulars	As at 31st March 2020	As at 31st March 2019
Cash at Bank		
In Current Account	991.71	1,083.80
Unpaid Dividend Account	74.93	24.19
Cash-in-Hand	-	-
Cash Balance	2.20	0.98
<b>Total</b>	<b>1,068.84</b>	<b>1,108.97</b>

### Note 10) Loans and Advances

₹ In Lacs

Particulars	As at 31st March 2020	As at 31st March 2019
Unsecured Considered Good		
Other Advance	249.98	258.76
<b>Total</b>	<b>249.98</b>	<b>258.76</b>

### Note 11) Other Current Assets

₹ In Lacs

Particulars	As at 31st March 2020	As at 31st March 2019
Unsecured Considered Good		
Balance with GST/Excise/Service Tax and other authorities	175.28	163.94
<b>Total</b>	<b>175.28</b>	<b>163.94</b>

### Note 12) Equity

₹ In Lacs

Particulars	As at 31st March 2020	As at 31st March 2019
<b>AUTHORIZED CAPITAL</b>		
3,69,88,330 Equity Shares of ₹10/- each. (As at 31st March 2020 : 3,69,88,330 Equity Shares of ₹10/- each) (As at 1st April 2019 : 3,69,88,330 Equity Shares of ₹10/- each)	3,698.83	3,698.83
Pref. Shares of ₹100/- each. 10,01,167 5% Cumulative compulsory redeemable (As at 31st March 2020 : 10,01,167 Shares) (As at 1st April 2019 : 10,01,167 Shares)	1,001.17	1,001.17
	<b>4,700.00</b>	<b>4,700.00</b>
<b>ISSUED , SUBSCRIBED &amp; PAID UP CAPITAL</b>		
<b>Equity Shares</b>		
2,03,03,126 Equity Shares of ₹10/- each, Fully Paid up (As at 31st March, 2020 : 2,03,03,126 Equity Shares of ₹10/- each) (As at 1st April, 2019 : 2,03,03,126 Equity Shares of ₹10/- each)	2,030.31	2,030.31
<b>Sub - Total</b>	<b>2,030.31</b>	<b>2,030.31</b>
<b>Total</b>	<b>2,030.31</b>	<b>2,030.31</b>

#### 12.1 Reconciliation of the number of share outstanding

₹ In Lacs

	As at 31st March 2020	As at 31st March 2019
Equity Shares ( No's)		
Opening	2,03,03,126	1,01,51,563
Add : Issued (Bonus Shares)	-	1,01,51,563
<b>Closing</b>	<b>2,03,03,126</b>	<b>2,03,03,126</b>

## Notes to the Financial Statements for the year ended 31st March 2020

### 12.2 Details of Share Holding (More than 5%) (Given for only Issued & Subscribed Capital)

₹ In Lacs

Equity Shares	As at 31st March 2020	
	No. of Shares	% of Holding
<b>Name of the party</b>		
Pramod Kumar Gupta	1,43,63,800	70.75
Cairn Oil Solution Pvt. Ltd.	26,36,068	12.98

₹ In Lacs

Equity Shares	As at 31st March 2019	
	No. of Shares	% of Holding
<b>Name of the party</b>		
Pramod Kumar Gupta	1,43,63,800	70.75
Cairn Oil Solution Pvt. Ltd.	26,17,778	12.89

### 12.3 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.

### 12.4 Aggregate number of shares issued for consideration other than cash

₹ In Lacs

	As at 31st March 2020	As at 31st March 2019
Equity Shares allotted in pursuance of Amalgamations sanctioned by the Hon'ble High Courts in the earlier years. (No's)	82,61,013	82,61,013

## Note 13) Other Equity

₹ In Lacs

Particulars	As at 31st March 2020	As at 31st March 2019
<b>A. Capital Redemption Reserve</b>		
As per last Balance Sheet	1,001.17	1,001.17
Less : Issue of Bonus Shares	1,001.17	1,001.17
	-	-
<b>B. Capital Reserve</b>		
As per last Balance Sheet	1,783.04	1,783.04
	-	-
	<b>1,783.04</b>	<b>1,783.04</b>
<b>C. Securities Premium Reserve</b>		
As per last Balance Sheet	1,248.68	1,248.68
Less : Issue of Bonus Shares	13.99	13.99
	<b>1,234.69</b>	<b>1,234.69</b>
<b>D. General Reserve</b>		
As per last Balance Sheet	500.00	8.09
Add: Transfer from retain earnings	-	491.91
	<b>500.00</b>	<b>500.00</b>
<b>E. Retained Earnings</b>		
As per last Balance Sheet	7,620.52	6,078.53
Add: Profit for the Year	4,521.80	2,473.55
	<b>12,142.32</b>	<b>8,552.08</b>
Less : Appropriations		
Transfer to General Reserve	-	491.91
Dividends ( Including dividend distribution tax)	1,272.33	439.65
	<b>10,869.99</b>	<b>7,620.52</b>



## Notes to the Financial Statements for the year ended 31st March 2020

### Note 13) Other Equity (contd.)

Particulars	₹ In Lacs	
	As at 31st March 2020	As at 31st March 2019
<b>F. Other Comprehensive Income</b>		
As Per Last Balance Sheet	(4.75)	(0.77)
Add: Movement in OCI ( Net) during the year	(6.34)	(3.98)
	<b>(11.09)</b>	<b>(4.75)</b>
<b>F. Share Forfeiture Account</b>		
As Per Last Balance Sheet	3.84	3.84
	<b>3.84</b>	<b>3.84</b>
<b>TOTAL ( A to F)</b>	<b>14,380.49</b>	<b>11,137.35</b>

### Note 14) Borrowings

Particulars	₹ In Lacs	
	As at 31st March 2020	As at 31st March 2019
<b>Secured</b>		
Vehicle Loans from Banks	49.90	23.04
Less : Taken to Current Liability	7.96	9.03
	<b>41.94</b>	<b>14.01</b>
<b>Unsecured</b>		
From Corporate bodies	-	-
<b>Total</b>	<b>41.94</b>	<b>14.01</b>

Note 14.1 : The Secured Loan of ₹0.08 Lacs ( Previous Year 4.20 Lacs) is secured by way of hypothecation of vehicle and payable in variable installment in next 1 month . The applicable rate of interest is 11.5%.

Note 14.2 : The Secured Loan of ₹14.01 Lacs ( Previous Year 18.83 Lacs) is secured by way of hypothecation of vehicles and payable in variable installments in next 30 monthly installment. The applicable rate of interest is 8.7%.

Note 14.3 : The Secured Loan of ₹35.81 Lacs is secured by way of hypothecation of vehicles and payable in variable installments in next 32 monthly installment. The applicable rate of interest is 4.5%.

### Note 15) Other Financial Liabilities

Particulars	₹ In Lacs	
	As at 31st March 2020	As at 31st March 2019
Preferential Shares	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### Note 16) Provisions

Particulars	₹ In Lacs	
	As at 31st March 2020	As at 31st March 2019
Provision for employees benefit	84.42	71.76
<b>Total</b>	<b>84.42</b>	<b>71.76</b>

### Note 17) Deferred Tax Liabilities (Net)

Particulars	₹ In Lacs	
	As at 31st March 2020	As at 31st March 2019
<b>A. Deferred tax liability</b>		
At the Start of the year	397.87	409.55
Charge/(Credit) to the statement of Profit & Loss	19.92	(11.67)
<b>Deferred tax liabilities (A-B)</b>	<b>417.79</b>	<b>397.88</b>
Deferred tax liability/Asset in relation to :		
Relating to Property, Plant & Equipments	452.28	418.57
Provisions	(34.49)	(20.69)
<b>Total</b>	<b>417.79</b>	<b>397.88</b>

## Notes to the Financial Statements for the year ended 31st March 2020

### Note 18) Other Non Current Liabilities

Particulars	₹ In Lacs	
	As at 31st March 2020	As at 31st March 2019
Other Non Current Liabilities	20.69	9.37
<b>Total</b>	<b>20.69</b>	<b>9.37</b>

### Note 19) Short Term Borrowings

Particulars	₹ In Lacs	
	As at 31st March 2020	As at 31st March 2019
Secured - At Amortised Cost		
Working Capital Loan from Banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Note 19.1** The Working Capital loan from banks is secured by hypothecation of all present and future Fixed Assets including Plant & Machinery, Furniture and Fixture, Vehicle, Inventories, Book Debts and all movable assets of the company. Also personal guarantee of Managing Director.

### Note 20) Trade Payables

Particulars	₹ In Lacs	
	As at 31st March 2020	As at 31st March 2019
Dues to Micro and Small Enterprises	4.36	0.56
Other then dues to Micro and Small Enterprises	167.26	524.59
<b>Total</b>	<b>171.62</b>	<b>525.15</b>

**Note 20.1** There are ₹1.87 lacs overdue as on 31.3.2020 which could not be paid due to Covid-19, and Nil interest payable to Micro, Small and Medium Enterprises as at March 31, 2020 and March 31, 2019 for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable.

### Note 21) Other Financial Liabilities

Particulars	₹ In Lacs	
	As at 31st March 2020	As at 31st March 2019
Current Maturity of Long Term Loan	7.96	9.03
<b>Total</b>	<b>7.96</b>	<b>9.03</b>

### Note 22) Other Current Liabilities

Particulars	₹ In Lacs	
	As at 31st March 2020	As at 31st March 2019
Liabilities for Expenses	294.25	176.10
Advances from Customers	10.80	393.04
Other Payables	91.42	126.17
<b>Total</b>	<b>396.47</b>	<b>695.31</b>

### Note 23) Short Term Provisions

Particulars	₹ In Lacs	
	As at 31st March 2020	As at 31st March 2019
Provision for Employment Benefit	35.16	-
Provision for Taxation		
<b>Total</b>	<b>35.16</b>	<b>-</b>
Provision for Taxation	731.14	67.19
Less : Reduced from advance taxes paid	731.14	67.19
<b>Balance Amount</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements for the year ended 31st March 2020

### Note 24) Revenue from Operations

₹ In Lacs

Particulars	For the Current year ended on 31.3.2020	For the Previous year ended on 31.3.2019
Sale of Products	10,981.06	15,619.83
FE Fluctuation	190.02	-
Consulting and Engineering Services	4.00	-
	-	-
<b>Total</b>	<b>11,175.08</b>	<b>15,619.83</b>

### Note 25) Other Income

₹ In Lacs

Particulars	For the Current year ended on 31.3.2020	For the Previous year ended on 31.3.2019
Interest Received	269.76	81.18
Profit on Sale of Fixed Assets	-	0.75
Misc. Income and w/off	22.06	11.04
<b>Total</b>	<b>291.82</b>	<b>92.97</b>

### Note 26) Cost of Material Consumed

₹ In Lacs

Particulars	For the Current year ended on 31.3.2020	For the Previous year ended on 31.3.2019
<b>MATERIALS AND STORES</b>		
Opening Stock	1,023.83	859.63
Add: Purchase and expenses less returns	4,063.06	6,495.57
	<b>5,086.89</b>	<b>7,355.20</b>
Less: Closing stock	1,246.14	1,023.83
<b>MATERIAL CONSUMED</b>	<b>3,840.75</b>	<b>6,331.37</b>

### Note 27) Change in Inventories

₹ In Lacs

Particulars	For the Current year ended on 31.3.2020	For the Previous year ended on 31.3.2019
<b>Inventories (At commencement)</b>		
Work-in- Progress	1,090.67	4,128.92
Finished Goods	184.52	1,138.36
	<b>1,275.19</b>	<b>5,267.28</b>
<b>Inventories (At close )</b>		
Work-in- Progress	1,020.35	1,090.67
Finished Goods	10.76	184.52
	<b>1,031.11</b>	<b>1,275.19</b>
<b>Change in Stock (Increase)/Decrease in Inventory</b>		
Work-in- Progress	70.32	3,038.24
Finished Goods	173.76	953.85
<b>Total</b>	<b>244.08</b>	<b>3,992.09</b>

### Note 28) Employees Benefit Expenses

₹ In Lacs

Particulars	For the Current year ended on 31.3.2020	For the Previous year ended on 31.3.2019
Salary and Wages	1,050.11	932.25
Contribution to PF and other funds & benefits	42.02	43.95
Bonus	16.93	20.52
Gratuity	11.61	8.81
Employee Welfare	15.08	17.72
<b>Total</b>	<b>1,135.75</b>	<b>1,023.25</b>

## Notes to the Financial Statements for the year ended 31st March 2020

### Note 29) Financial Cost

Particulars	₹ In Lacs	
	For the Current year ended on 31.3.2020	For the Previous year ended on 31.3.2019
Interest to Banks	0.01	29.52
Other Interest	3.65	4.44
Other Borrowing Costs	46.95	66.18
<b>Total</b>	<b>50.61</b>	<b>100.14</b>

### Note 30) Other Expenses

Particulars	₹ In Lacs	
	For the Current year ended on 31.3.2020	For the Previous year ended on 31.3.2019
<b>(a) Manufacturing Expenses</b>		
Power, Fuel & Water charges	86.19	96.32
Security Service Charges	31.27	39.79
Testing, Painting & Inspection Expenses	16.55	77.01
Job Charges	21.64	27.07
Repair & Maintenance		
Plant & Machinery	11.32	39.44
Building	2.11	2.36
Others	26.83	31.24
<b>TOTAL (a)</b>	<b>195.91</b>	<b>313.23</b>
<b>(b) Administrative and Other Expenses</b>		
Printing & Stationary	11.47	17.50
Postage, Telegram & Telephones	18.11	24.74
Subscription & Membership Fees	3.26	13.14
Director's Sitting Fee	7.95	8.50
Rent	27.72	77.12
Travelling Directors	24.84	69.72
Others	29.72	30.65
Vehicle & Conveyance	51.97	63.47
Charity & Donation	1.73	1.81
Legal & Professional	21.35	21.72
Insurance Charges	17.91	19.18
CSR Expenses	40.60	28.07
Auditor's Remunerations		
Audit Fee	3.25	3.25
Tax Audit Fee	0.75	0.75
Reimbursement of expenses	0.77	1.48
Books & Periodicals	0.37	1.12
Rates, Taxes and Filing Fee	15.94	26.49
Applicable Loss on Foreign Currency transactions and translations	-	433.42
Miscellaneous Expenses	74.65	90.77
<b>TOTAL (b)</b>	<b>352.37</b>	<b>932.90</b>
<b>(c) Selling and Distribution Expenses</b>		
Selling Expenses	94.60	90.81
Distribution Expenses (Freight, Cartage & Insurance etc.)	7.72	111.75
<b>TOTAL (c)</b>	<b>102.32</b>	<b>202.56</b>
<b>TOTAL (a to c)</b>	<b>650.60</b>	<b>1,448.69</b>

## Notes to the Financial Statements for the year ended 31st March 2020

### Note 31) Earning Per Share (EPS)

₹ In Lacs

Particulars	For the Current year ended on 31.3.2020	For the Previous year ended on 31.3.2019
Net Profit after tax as per Statements of Profit and loss attributable to Equity shareholder (₹ Lacs)	4,515.46	2,469.57
Weighted Average number of Equity Shares used as denominator for calculating EPS	2,03,03,126	2,03,03,126
Basic EPS ₹	22.24	12.16
Diluted EPS ₹	22.24	12.16
Face Value Per Equity Share ₹	10.00	10.00

### Note 32) Significant Accounting Policies and other Disclosures on Financial Statements

#### A. CORPORATE INFORMATION

United Drilling Tools Ltd. ("UDTL" or "the company") is a listed entity incorporated in India. The company is a leading manufacturer of Oil Drilling Equipments in the country. The company has obtained Global quality standards for its major products. The address of its registered Office and principal place of business are disclosed in the introduction to the annual report.

#### B. SIGNIFICANT ACCOUNTING POLICIES

##### B.1 Basis of Preparation and Presentation

These financial statements have been prepared under the historical cost convention and 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. The financial statements are presented in Indian rupees rounded off to the nearest rupees.

Up to the year ended 31st March 2017, the company has prepared its financial statements in accordance with the requirement of Generally Accepted Accounting Principles (GAAP) in India. GAAP comprises mandatory Accounting Standard as prescribed under section 133 of the companies Act, 2013 ("Act") read with Rule 7 of the companies (Accounts) rules, 2014, other pronouncement of The Institute of Chartered Accountants of India and Guidelines issued by the Securities and Exchange Board of India (SEBI).

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS), including the rules notified under the relevant provisions of the companies Act, 2013.

The company's financial statements are presented in Indian Rupees, which is also its functional currency.

The accounting policies are applied consistently to all the periods presented in the financial statements.

##### B.2 Summary of Significant Accounting Policies :

###### (a). Property, Plant and Equipment

Property, Plant and Equipment 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.

Depreciation on Property, Plant and Equipment is provided on useful life of the assets on Written down Value method as specified in Schedule II to the Companies Act, 2013.

A Property, Plant and Equipment 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.

###### (b) Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization/depletion and impairment loss, if any. The cost comprises purchase/acquisition price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use and net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

Technology Asset acquired on amalgamation is amortized over useful life of the underlying Asset.

Computer Software is amortized over a period of life as specified in schedule II of the companies act and on Written down Value method as specified in Schedule II to the Companies Act, 2013.

## Notes to the Financial Statements for the year ended 31st March 2020

### Note 32) Significant Accounting Policies and other Disclosures on Financial Statements (contd.)

#### (c) Revenue Recognition

- (i) 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.
- (ii) Revenue from sale of goods 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/GST or other taxes collected on behalf of the government. Given the nature of business of the company, the company require to issue Tax Invoice when finished goods are ready for dispatch, but after issue of Tax Invoice to buyer, buyer need to submit Essential Certificate , (EC) to the company from DGH , which takes normally two weeks time before dispatch, till such time FG can't be dispatched, but the same is accounted for in sales as per Tax Invoice issued.
- (iii) Revenue from rendering services is recognized when the performance of agreed contractual task has been completed.
- (iv) Interest - Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (v) 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.

#### (d) Expenditures

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

#### (e) Inventories

- (i) Inventories of Finished Goods, Work in progress, Raw materials, Packing materials and Stores & Spares are stated at lower of cost and net realizable value.
- (ii) Cost of Raw Materials, Packing Materials, Stores and Spares, Trading and other products are determined on weighted average basis and are net of GST/Cenvat credit.
- (iii) 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.

- (iv) 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.

- (v) Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads net of recoverable taxes incurred in bringing them to their respective present location and condition.

#### (f) Employee Benefit

- (i) Short Term Employee Benefit :

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services this excludes leave encashment entitlement annually, which is accounted for on the basis of actuarial basis.

- (ii) Post Employment Benefits :

##### 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.

##### Defined Benefit Plan :

Retirement benefits in the form of gratuity are considered as defined benefit obligations and are provided for on the basis of actuarial valuation as at the date of Balance Sheet which is not funded.

#### (g) Foreign Currency Transactions

- (i) 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 on the date of the transaction.

- (ii) Foreign currency monetary items are reported using the closing rate.
- (iii) 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.



## Notes to the Financial Statements for the year ended 31st March 2020

### Note 32) Significant Accounting Policies and other Disclosures on Financial Statements (contd.)

#### (h) Research and Development

Equipments purchased for research and development is capitalized when commissioned and included in the gross block of Property, Plant and Equipment. 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.

#### (i) 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, if material charged to other equity and carried to Balance Sheet.

#### (j) Investments

Investments that are readily realizable 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.

#### (k) Finance 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.

#### (l) Tax Expenses

The Tax expense for the period comprise Current and Deferred Tax. Tax is recognized in Statement of Profit and Loss except to the extent that it related to the items recognized in the comprehensive income or in equity. In which case, the tax is also recognized in other comprehensive income or equity.

##### Current Tax

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

#### Deferred tax

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.

The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

#### (m) Leases

Leases are classified as finance leases whenever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Leased assets: Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

#### (n) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when the Company has

## Notes to the Financial Statements for the year ended 31st March 2020

### Note 32) Significant Accounting Policies and other Disclosures on Financial Statements (contd.)

a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These estimates are reviewed at each reporting date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are not recognized but are disclosed in notes.

Contingent assets are neither recognised nor disclosed in the financial statements.

#### (o) Segment Reporting

The accounting policies adopted by the company for segment reporting are in line with the Ind AS 108.

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

**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.

#### (p) 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.

#### (q) Recent Accounting Pronouncements

**Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:** On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency

transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant.

#### Ind AS 115

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1 April 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognized when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1 April 2018.

The standard permits two possible methods of transition:

**Retrospective approach -** Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

**Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)** The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 is expected to be insignificant.

#### (r) Financial Instruments

##### (i) Financial Assets

##### A. Initial recognition and measurement

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of

## Notes to the Financial Statements for the year ended 31st March 2020

### Note 32) Significant Accounting Policies and other Disclosures on Financial Statements (contd.)

financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

#### B. Subsequent measurement

##### a) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### b) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### c) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

#### C. Investment in subsidiaries, Associates and Joint Ventures

The Company has accounted for its investments in subsidiaries, associates and joint venture at cost, if any.

#### D. Other Equity Investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'.

#### E. Impairment of financial assets

In accordance with Ind AS 109, the Company evaluate impairment of financial assets at fair value through profit and loss (FVTPL).

#### (ii) Financial liabilities

##### A. Initial recognition and measurement

All financial liabilities are recognized at fair value and in case of loans, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

##### B. Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

#### (iii) Derivative and Financial Instrument and Hedge Accounting

The Company uses derivative financial instruments such as currency swaps and forwards contracts to mitigate the risk of changes in exchange rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are also subsequently measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss, except for the effective portion of cash flow hedges which is recognised in Other Comprehensive Income and later to Statement of Profit and Loss when the hedged item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial assets or non-financial liability.

Hedges that meet the criteria for hedge accounting are accounted for as follows:

##### a) Cash flow hedge

The Company designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of movement in foreign exchange rates for foreign exchange exposure on highly probable future cash flows attributable to a recognised asset or liability or forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in the cash flow hedging reserve being part of other comprehensive income. Any ineffective portion of changes in the fair value of the derivative

## Notes to the Financial Statements for the year ended 31st March 2020

### Note 32) Significant Accounting Policies and other Disclosures on Financial Statements (contd.)

is recognized immediately in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the underlying transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified in the Statement of Profit and Loss.

#### b) Fair Value Hedge

The Company designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of change in fair value of hedged item due to movement in foreign exchange rates.

Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used and is amortised to Statement of Profit and Loss over the period of maturity.

### C. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of company's financial statements in conformity with Ind AS require management to make judgments, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying value of the assets or liabilities affected in future period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

1. Depreciation / Amortisation and useful lives of Property, Plant and Equipment / Intangible Assets

#### Tangible Assets

Depreciation on Property, Plant and Equipment is provided on useful life of the assets which is taken as specified in Schedule II to the Companies Act, 2013 and depreciation is charged on Written Down Value method after taking into residual value of the assets in order to determine the amount of depreciation / amortization to be recorded during reporting period.

#### Intangible Assets

The intangible asset is amortized over a period of estimated useful life of asset, taking into account of anticipated technological changes. The depreciation / amortization for the future period is revised if there are significant changes from previous estimates.

2. Recoverability of trade receivable

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

3. Provisions

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

### D. OTHER NOTES ON FINANCIAL STATEMENTS

1. Contingent Liabilities not provided for :
  - (i) Bank guarantees against our counter guarantees issued by banks ₹2080.59 Lacs (Pr. Yr. ₹600.13 Lacs) .
  - (ii) Letter of Credit opened by Banks ₹695.24 Lacs (Pr. Year ₹294.80 lacs )
  - (iii) 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

## Notes to the Financial Statements for the year ended 31st March 2020

### Note 32) Significant Accounting Policies and other Disclosures on Financial Statements (contd.)

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.

#### 3. Employee Benefit Obligations

##### (i) 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 ₹33.42 lacs ( Pre. Yr. ₹30.90 lacs )

##### (ii) 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 ₹89.78 lacs ( Previous Year ₹71.76 lacs ) on actuarial liability basis as on the date of balance sheet. It is non funded.

The Present value of the obligation as recognized in the Balance Sheet :-

Particulars	₹ In Lacs	
	As at 31st March 2020	As at 31st March 2019
Present value of obligation at the beginning of the period	71.76	60.16
Interest cost	5.45	4.59
Past service cost	-	-
Current service cost	6.16	4.22
Benefits paid	(2.50)	(2.69)
Actuarial (gain)/loss on obligation	8.91	5.49
Present value of obligation at the end of period	89.78	71.76

The amounts recognized in the Profit & Loss statement are as follows :-

Particulars	₹ In Lacs	
	As at 31st March 2020	As at 31st March 2019
In Income Statement		
Past service cost	-	-
Current service cost	6.16	4.22
Interest Cost	5.45	4.59
Net actuarial (gain)/loss recognized in the period		
Expenses recognized in the Profit & Loss statement	11.61	8.81
In Other Comprehensive Income	(8.91)	(5.49)
Net actuarial (gain)/loss recognized in the period	8.91	5.49
Net (Income)/ Expense For the period Recognised in OCI	6.34	3.98

Reconciliation of the Present value of defined obligation and the fair value of the plan assets

Particulars	₹ In Lacs	
	As at 31st March 2020	As at 31st March 2019
Present value of obligation as at the end of period	89.78	71.76
Fair value of Plan Assets	-	-
Liability Recognized in Balance Sheet	89.78	71.76

## Notes to the Financial Statements for the year ended 31st March 2020

### Note 32) Significant Accounting Policies and other Disclosures on Financial Statements (contd.)

The assumptions used in Actuarial Valuation:-

Particulars	₹ In Lacs	
	As at 31st March 2020	As at 31st March 2019
i) Discounting Rate	6.76	7.59
ii) Future salary Increase	5.50	5.50

The estimates of future salary increase; considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

The discount rate is based on prevailing market yields of Indian Government Bonds, as at the balance sheet date, consistent with the currency and estimated term of the post-employment benefit obligations.

#### (iii) Other Long Term Employee Benefits

Liability of Leave Encashment is provided in the books of account amounting to ₹29.80 lacs (Previous Year ₹25.66 lacs) on the basis of actuarial valuation basis as on balance sheet date. The liability is paid annually or during the year. It is nonfunded.

4. The figures for the previous year have been regrouped and rearranged wherever found necessary to make them comparable with those of current year.

5. (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 SEZ units under Income Tax Act.

#### 6. Financial Derivative Instruments

The Company uses Forward Exchange Contracts to hedge its exposure in foreign currency. The information on derivative instruments and foreign currency exposure are as follows:

Particular	₹ In Lacs			
	As at 31st March 2020		As at 31st March 2019	
	Amount in Foreign Currency	Amount in ₹	Amount in Foreign Currency	Amount in ₹
A Forward Exchange Contracts outstanding (USD)	-	-	-	-
B.1 Foreign currency exposure not covered by derivative instrument				
1. Amount receivable on account of export of goods and services.(USD)	15.07	1135.83	35.56	2463.12
2. Advances given in USD	1.31	98.68	1.81	125.27
3. Amount in EEFC A/c in bank (USD)	7.18	540.89	11.13	770.90
Sub Total (B.1)(USD)	23.56	1775.40	48.50	3359.29
4. Advances given in (Euro)	-	-	0.01	0.38
5. Advances given in (GBP)	0.01	0.47	0.45	40.38
B.2 4. Amount of Bank Credit (PCFC) (USD)	-	-	-	-
5. Amount payable on account of import of goods and services.(USD)	0.12	9.39	5.30	367.34
Sub Total (B.2)	0.12	9.39	5.30	367.34
Total (B1+B2) (USD)	23.68	1784.79	53.80	3726.63
Total (Euro)	-	-	0.01	0.38
Total (GBP)	0.01	0.47	0.45	40.38

## Notes to the Financial Statements for the year ended 31st March 2020

### Note 32) Significant Accounting Policies and other Disclosures on Financial Statements (contd.)

#### 7. Segment Reporting

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

Particulars	₹ In Lacs	
	As at 31st March 2020	As at 31st March 2019
1. Segmental Revenue		
- Revenue in Local Currency	144.87	83.59
- Revenue in Foreign Currency	10836.19	15536.24
Total Revenue	10981.06	15619.83
2. Segmental Assets*		
- Assets in Local Currency	15810.97	11490.11
- Assets in Foreign Currency	1775.88	3400.05
Total Assets	17586.85	14890.16
2. Segmental Liabilities		
- Liabilities in Local Currency	17577.46	14522.82
- Liabilities in Foreign Currency	9.39	367.34
Total Liabilities	17586.85	14890.16

#### 8. Related Party Disclosure

Related Parties as per the terms of Ind AS-24 " Related Party Disclosure" ( Specified U/Sec. 133 of the Companies Act,2013 ) and transactions with related party 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
Dr. Kanal Gupta	Executive Director and Son of Managing Director
Shri Inder Pal Sharma	Whole Time Director
Shri A K Thakur	CFO
Shri P K Ojha	Company Secretary
Shri K D Agarwal	Independent Director
Shri S S K Bhagat	Independent Director up to 17.11.2019
Shri P Kalayan Sunderam	Independent Director
Mrs Twinkle Singh	Independent Woman Director
Mrs Shunali Gupta	Wife of Executive Director

##### (b) Entities over which key Management Personnel/or their relatives have control or Joint Control :-

P. Mittal Manufacturing Pvt. Ltd.	KMP have control
Parveen Industries Pvt. Ltd.	Relative is Director

##### Details of Transactions with related parties :-

S. No.	Particulars	₹ In Lacs	
		For the year ended on 31.3.2020	For the year ended on 31.3.2019
1.	Rent Payment		
	P. Mittal Manufacturing Pvt. Ltd.	7.50	7.50
2.	Salary		
	Shri Pramod Kumar Gupta	151.88	84.00
	Dr. Kanal Gupta	42.22	47.88
	Shri A.K.Thakur (CFO)	6.41	5.55



## Notes to the Financial Statements for the year ended 31st March 2020

### Note 32) Significant Accounting Policies and other Disclosures on Financial Statements (contd.)

₹ In Lacs			
S. No.	Particulars	For the year ended on 31.3.2020	For the year ended on 31.3.2019
	Shri Inder Pal Sharma	7.05	6.01
	Shri P.K.Ojha	7.48	6.42
	Mrs Shunali Gupta (up to 31.12.2020)	7.41	0.47
3.	Director Sitting Fee		
	Shri K D Agarwal	1.90	1.90
	Shri S S K Bhagat	1.55	2.20
	Shri P Kalayan Sunderam	2.25	2.20
	Mrs Twinkle Singh	2.25	2.20
4.	Purchases		
	Parveen Industries Pvt. Ltd	122.00	317.02
5.	Sales		
	Parveen Industries Pvt. Ltd	-	2.01
6.	Loans Given		
	P. Mittal Manufacturing Pvt. Ltd.	320.00	606.13
7.	Consultancy Charges		
	Mrs Shunali Gupta	0.95	-

#### Outstanding

₹ In Lacs			
S. No.	Particulars	As at 31st March 2020	As at 31st March 2019
1.	Shri Pramod Kumar Gupta (Cr.)	15.02	8.48
2.	Shri (Dr.) Kanal Gupta(Cr.)	3.52	2.17
3.	Shri Inder Pal Sharma(Cr.)	0.67	0.58
4.	Shri A K Thakur(Cr.)	0.63	0.44
5.	Shri P K Ojha (Cr.)	0.72	0.52
6.	P. Mittal Manufacturing Pvt. Ltd.(Cr.)	4.62	0.90
7.	Parveen Industries Pvt. Ltd. (Cr.)	51.90	11.93
8.	Mrs Shunali Gupta (Cr.)	0.42	0.45
9.	P. Mittal Manufacturing Pvt. Ltd. (Loan A/c.)(Dr.)	920.00	606.13

#### 9. Managerial Remuneration

₹ In Lacs			
S. No.	Particulars	For the year ended on 31.3.2020	For the year ended on 31.3.2019
1	Shri Pramod Kumar Gupta	151.88	84.00
2	Dr. Kanal Gupta	42.22	47.88
3	Shri Inder Pal Sharma	7.05	6.01
4	Total Salary & Perquisites*	201.15	137.89

\* The aforesaid amount doesn't includes amount in respect of gratuity and leave encashment as the same is not determinable.

Remuneration is within limits specified under Section 197 of the Act, as recommended by Remuneration and Nomination Committee and approved by Board and approved by shareholders' at the annual General Meeting.

#### 10. Loans given :-

₹ In Lacs		
KMP have control on Company	Amount Outstanding as at 31.3.2020	Amount Outstanding as at 31.3.2019
P. Mittal Manufacturing Pvt. Ltd.	920.00	606.13

The company has provided unsecured loan of ₹920.00 Lacs to P. Mittal Manufacturing Pvt. Ltd., a related party, with relevant approval of the Board of Directors and Shareholders. The loan is subject to the minimum interest @ 8% p.a. as per terms of agreement, and repayable not later than 3 Years (Three Years) from the date of disbursement.

## Notes to the Financial Statements for the year ended 31st March 2020

### Note 32) Significant Accounting Policies and other Disclosures on Financial Statements (contd.)

#### 11. Expenditure Towards Corporate Social Responsibility (CSR)

Particulars	₹ In Lacs	
	For the year ended on 31.3.2020	For the year ended on 31.3.2019
Gross amount required to be spent by the company during the year	40.14	27.67
Amount Spent during the year	40.60	28.07

Head	Amount Spent	
	For the year ended on 31.3.2020	For the year ended on 31.3.2019
Promoting Health Care	2.00	7.50
Setting up old age Home	17.39	6.40
Promoting Education	12.52	11.13
Eradication Hunger, Poverty	4.29	2.44
Setting Up Home care	2.65	-
Animal Welfare	-	-
Reducing Inequality \ Environmental Sustainability	-	0.10
Contribution to relief funds set up by Central Govt.	1.75	0.50
Total	40.60	28.07

Note: The amount spent during the financial year is little higher than required, being the amount underspent in previous year.

12. There is principal of ₹1.87 Lacs as on 31.3.2020 ( Previous year Nil ) overdue to micro and small enterprises due to Covid-19 impact. There is no interest due. This information has been determined to the extent such parties have been identified on the basis of the information available with the company and the same has relied upon by the auditors.

#### 13. Expenditure in Foreign Currency

S. No.	Particulars	₹ In Lacs	
		For the year ended on 31.3.2020	For the year ended on 31.3.2019
	Travelling	18.15	47.19
	Purchases	2197.19	1148.68
	License Fee	10.41	4.63

#### 14. Export earning in Foreign Currency

S. No.	Particulars	₹ In Lacs	
		For the year ended on 31.3.2020	For the year ended on 31.3.2019
(i)	Export Earning in foreign Currency at FOB value	10836.19	15536.24

#### 15. Financial Risk Management

##### (i) Financial risk management objectives and policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Board.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market

changes that affect market risk sensitive instruments.

Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Company manages market risk through top management executives, which evaluates and exercises control over the entire process of market risk management. The decisions which are approved by Senior Management. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency

## Notes to the Financial Statements for the year ended 31st March 2020

### Note 32) Significant Accounting Policies and other Disclosures on Financial Statements (contd.)

exposures like foreign exchange forward contracts, borrowing strategies and ensuring compliance with market risk limits and policies.

#### (ii) Market Risk- Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk. The company uses normally Fixed Deposit route to park the surplus funds. For borrowing which reduces to Nil some time, company uses Bank borrowings at the prevailing rate of the Bank, after bargain by the senior management.

#### (iii) Market Risk- Foreign currency risk.

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services in overseas and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

### 16. Capital risk management

#### (i) Risk Management

The Company aim to manages its capital efficiently so as to safeguard its ability to continue as a going concern and to optimize returns to our shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

#### (ii) Dividend on Equity shares

₹ In Lacs

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
	1272.33	439.64

(The figures are inclusive of dividend tax.)

### 17. Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- i) Actual or expected significant adverse changes in business.
- ii) Actual or expected significant changes in the operating results of the counter-party,
- iii) Financial or economic conditions that are expected to cause a significant change to the counter-party's ability to meet its obligations,
- iv) Significant increase in credit risk on other financial instruments of the same counter-party,
- v) Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as an income in the statement of profit and loss.

The Company measures the expected credit loss of trade receivables from individual customers based on historical

## Notes to the Financial Statements for the year ended 31st March 2020

### Note 32) Significant Accounting Policies and other Disclosures on Financial Statements (contd.)

trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

#### Ageing of Account receivables

		₹ In Lacs	
S. No.	Particulars	For the year ended on 31.3.2020	For the year ended on 31.3.2019
1	0-3 Months	435.37	2563.70
2	3-6 Months	232.43	170.56
3	6-12 Months	489.85	3.87
4	Beyond 12 Months	80.71	6.31
5	<b>Total</b>	<b>1238.36</b>	<b>2744.44</b>

Financial Assets are considered to be of good quality and there is no significant increase in credit risk.

#### 18. Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

The COVID-19 pandemic is an evolving human tragedy declared a global pandemic by the World Health Organisation with adverse impact on economy and business. The spread of Covid 19 has affected the business from 3rd week of March 2020, which culminated into scaling down of the Company's operations, post the national lock down.

The Company has taken various measures in consonance with Central and State Government advisories to contain the pandemic, which includes closing of manufacturing facilities and adopting work from home policy for employees, wherever possible, across locations.

Given the uncertainty of quick turnaround to normalcy, post lifting of the lock down, the Company has carried out a comprehensive assessment of possible impact on its business operations, financial assets, contractual obligations and its overall liquidity position, based on the internal and external sources of information and application of reasonable estimates, the Company does not foresee any significant incremental risk to the recoverability of its assets or in meeting its financial obligations over the foreseeable future, given early and required steps taken to contain, protect and mitigate the exposure.

Pursuant to the relaxed guidelines, the Company has now resumed its manufacturing operations as allowed in strict compliance. Supply chain and product sale activities are being resumed, most of the staff resumed office according to local government instructions.

Since the situation is continuously evolving, the impact assessed may be different from the estimates made as at the date of approval of these financial statements and Company will continue to monitor any material changes arising due to the impact of this pandemic on financial and operational performance of the Company and take necessary measures to address the situation.

#### 19. Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

**Note 32) Significant Accounting Policies and other Disclosures on Financial Statements (contd.)****(i) Financing arrangements**

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	₹ In Lacs	
	As at 31st March, 2020	As at 31st March, 2019
Floating Rate		
Expiring within one year (Packing credit facility- Pre shipment/ post shipment)	2507.00	2040.00

The Packing credit facilities- Pre shipment/ post shipment and other facilities may be withdrawn at any time and may be terminated by the bank without notice.

**20. Event occurring after balance sheet date**

There is no reportable event happened after balance sheet date and up to finalization of balance sheet, accept impact of COVID-19 which has discussed in point 18 above.

**21. The Financial Statements were authorised for issue by the directors on 26th June, 2020.**

In terms of our report of even date attached. For United Drilling Tools Ltd.

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

Sd/-  
**Pramod Kumar Gupta**  
Managing Director  
(DIN 00619482)

Sd/-  
**K.D.Aggarwal**  
Independent Director  
(DIN 00861164)

Sd/-  
**P Kalayanasundaram**  
Independent Director  
(DIN 02568099)

Sd/-  
**Ashok Mangal**  
Partner  
M.No. 071714

Sd/-  
**Dr. Kanal Gupta**  
Whole Time Director  
(DIN 01050505)

Sd/-  
**Inderpal Sharma**  
Whole Time Director  
(DIN 07649251)

Sd/-  
**Twinkle Singh**  
Independent Director  
(DIN 07777298)

Sd/-  
**A K Thakur**  
CFO

Sd/-  
**P K Ojha**  
Company Secretary

Place : NOIDA  
Date : June 26, 2020

Concept, Content and Design





United Drilling Tools Limited