



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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26-08-2020

UDT/SEC/2020-21/22

To,
The Corporate Compliance Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400001

Security Code: 522014

Security ID: UNIDT

ISIN: INE961D01019

Sub: Earning Updates on Financial Results

Dear Sir/Ma'am,

Pursuant to regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we are submitting herewith copy of the press release titled "Earning Updates" based on financial results for quarter ended 30th June, 2020 along with operational highlight on the same.

Kindly take the same on record, please.

Thanking You,

Yours faithfully

For United Drilling Tools Ltd.

Pramod Kumar Ojha
Company Secretary
M. No. 8698



United Drilling Tools Limited

CIN: L29199DL1985PLC015796

Registered Office: 139A First Floor, Antriksh Bhawan,
 22 Kasturba Gandhi Marg, New Delhi -110001, India.

Q1 FY2021 – Earning Updates

Revenue from Operations reported at ₹ 278 Mn

EBITDA stands at ₹ 96 Mn

PAT at ₹ 73 Mn

Noida, 26th August, 2020: United Drilling Tools Limited, a leading manufacturer of drilling tools and equipment's has announced its quarterly earning updates for Q1 of FY2021;

A. Financial Statement Highlights

Particular (₹ Mn)	Q1 FY20	Q1 FY21
Revenue from Operations	268	278.3
Other Income	4.4	11.5
Total Revenue	272.4	289.8
EBITDA	126.5	96.0
<i>EBITDA Margin (%)</i>	<i>54%</i>	<i>34.5%</i>
Depreciation	6.4	6.3
Finance Cost	1.0	1.4
PBT	119.1	88.3
Current Tax	16.5	15.1
Deferred Tax	0.82	0.1
Tax	17.3	15.2
PAT	102	73
<i>PAT Margin (%)</i>	<i>37.5%</i>	<i>26.2%</i>
<i>Other Comprehensive Income / (Loss)</i>	<i>-0.1</i>	<i>-0.1</i>
Total Comprehensive PAT	102	73
<i>Diluted EPS</i>	<i>5.0</i>	<i>3.6</i>



Key Highlights of United Drilling Tools Ltd.

- UDTL is a leading manufacturer of high-tech machines, large OD casing pipe with connector, Wire line & well service equipment, Gas lift equipment, and Downhole tools in the world.
- The Company is a strong leader in the domestic geography with more than 60% of the Indian market share in upstream drilling tools.
- 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.
- It has also been awarded a single order of INR 1230 Mn from ONGC which has to be completed in FY20-21 and also the export order book has strong visibility for the next 2 years with orders in pipeline of ~INR 1,500 mn.
- The Company has employed more than 450 employees: 35 Engineers, 35 Quality Control Engineers, 25 Design / R&D Engineers & 50 after sales service personnel.
- Also, UDTL is well positioned to grow our top line by double digits and to maintain operating/EBITDA margin to mid-thirty range
- At the CMP of ₹165 Crore, Stock is trading at PE of 7.1x and PBV of 1.96x (As at 25th August 2020)

Financial Performance Comparison - Q1 FY20 v/s Q1 FY21

- The total Revenue from operations increased by 3.9% from ₹268 Mn in Q1 FY20 to ₹ 278 Mn in FY21
- EBITDA margins decreased by 28.7% from ₹ 126 Mn in Q1 FY20 to ₹ 96 Mn in Q1 FY21
- Net profit stood at ₹ 73 Mn in Q1 FY21, compared to ₹ 102 Mn in Q1 FY20

B. Operational Highlights

The reported sales no. are largely from the casing pipe which contributed ~97%, as there was a large change in the product mix and limitations of operating in full capacity under COVID-19 norms.

UDTL has successfully secured orders worth ₹129 Mn in the Q1 quarter from ONGC and Oil India, a domestic Oil and Gas producers. Further to this UDTL has bid for orders worth INR 650 mn and in addition we received a small pilot order from Schlumberger. However, this year lay asides a major milestone where UDTL has commenced bidding for tailor-made tenders with global giants in the Oil and gas sector and negotiations are underway with multiple entities.

In the current situation, it was important to further strengthen its working capital management – the heart of any business. Hence, the company was committed to channelize efforts towards reducing the different direct and indirect costs and also receivable cycle to effectively manage the working capital requirement.



Disclosures of material impact of COVID 19

- The Company issued COVID-19 alert as per WHO guidelines and adopted suitable policies to safeguard our employees and for smooth functioning of our operations. Adequate safety measures, including social distancing, wearing masks within our premises and multiple levels of sanitization have been implemented
- During the period of the lockdown there has been an impact on profitability as our factories were shut and we do not fall in the essential services category. However, since we have recommenced Operations and as capacity utilizations increase, we look forward to regaining normal levels of Operation. Liquidity wise the Company is in a good position because of its strong cash flows from operations
- Logistics issues have been minimal. In May there was some disruption but June has been better. There has been no problem in interstate deliveries as well. We are seeing improvement now. Constraints if any, are more in the metros as these locations continue to face pressure and are still to open up
- Labour availability has been a constraint with workers returning to their hometown. Our Operations too have been impacted though not significantly as a reasonable proportion of our workforce is local or stayed back

C. Management Comments

Commenting on the performance of Q1 FY21, Mr. Pramod Gupta, Chairman & Managing Director, United Drilling Tools Ltd. said, ***“The Q1-FY21 performance has fairly been reasonable considering the impact due to weak global demand and high inventory levels which resulted in a sharp decline in oil prices to \$40-42/bbl (versus \$61/bbl in FY2020). The slumping prices and low fuel demand due to the outbreak of Coronavirus (COVID-19) globally and in India has impacted the Oil & Gas Industry and businesses associated with the Industry”***

The gradual lifting of lockdown has helped the Industrial activity to witness normalcy in operation and the demand for fuel in the economy. Our manufacturing infrastructure and efficiencies to streamline production process has helped us in quick restart of operation across all the plants. Our integrated and equipped in-house plant have enabled us to fasten the production process with the optimum mitigation of risk and adaptation of high-quality standards amid COVID pandemic.

The sales performance for Q1 FY21 had been impacted by the slower operations due to the lesser availability of skilled labor in the plant and COVID restrictions but gradually we optimized our operating efficiencies and coped for the loss of effective days. The margins on the sales have dipped because of the change in the product-mix which is a general phenomenon in our business and we have witnessed the same in normal times during the same period previous year and trailing quarters. However, 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 are focused on this geographical de-risking and strengthening our international presence over the last few years.

We believe that the economy should gradually recover and our business should bounce back more strongly as we are well-positioned to grow with our heavy concentration on R&D, modernizing



Infrastructure facilities and enhancing standard of service to execute precision orders for acquiring share and competing with global players in international market.

Outlook for Q2 FY21 Performance

We have been tirelessly working to rise above the disputing headwinds witnessed in the Q1 FY21 due to closure of Wells and the production process. With the lifting of lockdown and opening of economies, Industrial activity and travel movement our focus has been on expediting the process and executing the orders in hand with a quick turnaround and optimum capacity utilization for the Q2 FY21.

As we represent strong and diversified customer portfolio with a ~75% success rate in the bidding, which is prophesying the remarkable precision for Q2 FY21 performance. However, the blended margins shall remain in line considering the product-mix order book for the year. Our ground plan for efficient execution of order revolves around efficient through-put, higher capacity utilization, prudent Inventory level and supply chain management for smoother operations that will ensure promising results for 6M FY21.

Although our bidding to onboard orders for the year and ahead will hover around high margin segment with a majority of export orders from our strategic association with OPEC nations.

About United Drilling Tools Ltd.

Commenced operation in the Year 1985, headquartered at Noida, the company is Worldwide Leader in Connector Technology. United Drilling is a leading Manufacturer of Wire line & well service equipment, Gas lift equipment's, Downhole tools and large OD casing pipe and connector in the world. All the equipment can be supplied with most reliable designs and quality and are very competitively priced as compared to other suppliers. United Drilling Tools Limited is dedicated to manufacture 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).

For further information on the Company, please visit www.udtltd.com

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