



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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USE PREFIX FOR CALLING -

From Out side Country - 91-120

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E-mail : enquiry@udtltd.com

Website : www.udtltd.com

30-06-2020

UDT/SEC/2020-21/14

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 and year ended 31st March, 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: A-22, Phase-II, Noida Distt- Gautam Budh Nagar, U.P -201305, INDIA.

Q4 & 12M FY20 Earning Updates

Revenue from Operations reported at Rs. 1117.51 Mn

EBITDA at Rs. 559.57 Mn

PAT at Rs. 451.54 Mn

Noida, 30th June, 2020: United Drilling Tools Limited (UDTL) has announced that the Company in its Meeting of the Board of Directors held on 26th June, 2020 has inter-alia approved the following matters.

- Audited Financial Results of the Company for year ended 31st March, 2020 and financial results for the quarter ended 31st March, 2020;
- Auditor's Report on Financial Results.

United Drilling Tools Limited, a leading manufacturer of oil drilling tools has announced its Financial Results for the quarterly & year ended on March 31, 2020 in the above-referred Board Meeting.

Financial Statement

Particulars (INR MN)	Quarterly Ended	
	FY 19 Q4	FY 20 Q4
Revenue from Operations	237.35	222.45
Other Income	4.85	9.23
Total Revenue	242.20	231.68
Total Expenses	121.84	144.40
EBITDA	128.33	96.60
EBITDA Margin (%)	52.98%	41.69%
Depreciation	7.16	7.19
Finance Cost	0.80	2.12
PBT with Exceptional Item	120.37	87.28
Exceptional Items	-	-
PBT	120.37	87.28
Current Tax	-2.17	8.59
Deferred Tax	-4.83	-2.65
Tax	-6.99	5.93
PAT	127.36	81.35
PAT Margin %	52.58%	35.11%



Financial Performance Comparison – Q4 FY 19 vs Q4 FY 20

- Total income from operation remained flat and reduced by 6.28% from Rs. 237.35mn in FY19 to Rs 222.45mn in Q4 FY20
- EBITDA contracted by 24.73% from Rs.128.33 mn in QFY19 to Rs. 96.60 mn in Q4 FY20 and margins were lower by 22% compared QoQ on a yearly basis
- Net profit stood at Rs 81.02 mn in FY20, compared to Rs 126.96 mn in FY19

Year-on-Year

Particulars (INR MN)	FY19	FY 20
Revenue from Operations	1,561.98	1,117.51
Other Income	9.30	29.18
Total Revenue	1,571.28	1,146.69
Total Expenses	1,318.22	619.15
EBITDA	291.74	559.57
EBITDA Margin (%)	18.57%	48.80%
Depreciation	28.67	26.97
Finance Cost	10.01	5.06
PBT with Exceptional Item	253.06	527.54
PBT	253.06	527.54
Tax	5.70	75.36
PAT before Minority Interest	247.36	452.18
PAT	247.36	452.18
PAT Margin %	15.74%	39.43%
Other Comprehensive Income / (Loss)	-0.40	-0.63
Total Comprehensive PAT	246.96	451.54
Diluted EPS	12.16	22.24

Financial Performance Comparison – FY 19 vs FY 20

- Total income from operation decreased by 28% from Rs 1562 mn in FY19 to Rs1118 mn in FY 20
- The EBITDA increased by 92% from Rs. 292 mn in FY19 to Rs. 560 mn in FY20
- **Net profit stood at Rs. 452 mn in FY20, compared to Rs. 247 mn in FY19**
- **PAT margins increased to 39.43% in FY20 from 15.74% in FY19**
- **Return on Capital Employed(ROCE) increased by 1100 bps from 22% in FY19 to 33% in FY20**
- **Return on Equity (ROE) increased by 900 bps from 19% in FY19 to 28% in FY20**
- Inventory days in FY20 was 160 days as compared to 136 days in FY19, debtors days in FY20 was 39 days as compared to 64 days in FY19, Overall working capital improved to 183 days (vs 169 days in FY19)
- Operating cash flows stood at INR. 133.40 mn in FY 20 as compared to INR. 305.55 mn in FY 19



Operational Highlights

The underlying sales subsided by 28.45 % as there was a large change in the product mix with higher revenue being contributed from integrated Connector segment which contributed 68% of the total sales as compared to 20% in the previous year. Market slowed even before lock down begun at the end of March 2020, however UDTL successfully bagged a **single largest order from ONGC of INR. 1250 mn** to be executed in this fiscal. The integrated connector segment has a relatively higher margin realization but the absolute number remains low.

UDTL has paid a dividend @ 12% for the last two financial years and further proposed and declared an interim and final dividend @ 12% for FY19-20, additionally UDTL had proposed and paid **special dividend of 34% considering its stellar performance in FY19-20.**

UDTL has bid with Multi Nationals in Oil and Gas sectors like, **Schlumberger in China, Arabian Oilfield Services, AOTC in Dubai, Gulf Well in the USA, Nariana Enterprises Ltd. in Kenya, besides others like Pitman, Venspro, Dipcae, MCT group**, besides several others, this year earmarks 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 half a dozen among them.

Segment wise performance: For the quarter the segmental breakup of revenue remained lower YoY as the contribution from connectors was more than 90% in Q4 FY19 as compared to 80% Q4FY20 and for the full year segmental breakup categorically from Casing pipe, connectors, gas lift equipment's, stabilizers and winches **0%/68%/10%/03%/18% in FY20 v/s 63%/20%/07%/05%/04% in FY19**, a shift towards connectors with a **larger demand from the top two customers ONGC and Oil India which contributed 98% to revenue in FY20 v/s 99 % in FY19**

Disclosure of material impact of COVID19 pandemic

- 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 Balance Sheet
- 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

Priority for 2020

- Unknown factors a) progress of virus, b) treatment and vaccine, c) govt measures and d) long term effect.
- Known factors are a) Challenges in this fiscal for export book growth, b) short term impact on capex budgets of O&G cos, c) importance of agility and d) strong cash and liquidity position



Management Comments

Commenting on the performance for Q4 & FY 2020, Mr. Pramod Gupta, Chairman & Managing Director, United Drilling Tools Ltd. said, ***"I would like to express my gratitude to all fellow stakeholders as this been by far the most promising and successful financial year in the history of United Drilling Tools Ltd, we have exhibited stellar performance amidst a dampening environment globally.*** The Oil & Gas industry continued to be impacted by adverse macroeconomic conditions in the global economy as well as adverse impact of crude oil prices and regional dynamics of the OPEC, American and Russian oil giants.

As we face increasingly novel and complex business challenges, there is a realization that past experiences may not always equip us adequately to navigate and lead through previously encountered scenarios such as the global coronavirus pandemic successfully. In light of this, there has been increasing interest in identifying and developing the leadership fundamentals that enable adaptation and agility to face and overcome changing realities.

Given the fluid nature of the environment it would not be appropriate to offer any guidance at this stage. We have a present order book of INR 1500 mn to be executed this fiscal and although our manufacturing units were shut for effective 20 days but we are confident to increase our manufacturing efficiencies to execute the existing orders as well as bag newer orders. The blended margins shall remain in line with this year considering the product mix of the present order book. Further we have and will continuously pursue our endeavor to build a strong export book in this year as well as the coming year with our associations across the globe.

Our focus however continues to be on enhancing efficiencies, rationalizing costs and ensuring that working capital is tightened so as to further strengthen our balance sheet. Management further said that all plants are now functioning at near normal capacity and supply chain has been re-established smoothly and the customer portfolio remains very promising with ONGC and Oil India as their largest customers and strong export pipeline will weigh favorably for UDTL and medium-long term growth drivers remain intact.

We expect crude prices to rise gradually on increasing OPEC+ production cut compliance amid recovery in global crude demand as travel restrictions are eased. However continuing the vision of serving world class product & services, our company has shown gradual growth in capturing the global market. The global drilling tools market is expected to grow at a CAGR of 4.75%, during the forecast period, 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 fueled by the increase in oil wells.



About United Drilling Tools Ltd.

Commenced operation in the Year 1985, headquartered at New Delhi, 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 casting 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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