

United Drilling Tools Limited

October 01, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 80.18 Crore	Regulator [^]
Long Term Rating	IVR BBB/Stable (Rating Reaffirmed)	RBI
Short Term Rating	IVR A3+ (Rating Reaffirmed)	RBI

[^]Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

Infomerics Ratings (IVR) has reaffirmed the ratings assigned to the bank loan facilities of United Drilling Tools Limited (UDTL). The reaffirmation of the ratings continues to be supported by growth in scale of operations and profitability and healthy financial risk profile. The ratings also derive comfort from the experienced promoters with established track record in the business.

However, the ratings continue to be constrained by the working capital-intensive nature of operations marked by high inventory days, highly regulated industry with risk related to environmental and safety hazards and exposure to foreign exchange fluctuation risk

Outlook: Stable

Stable Outlook is on account of stable growth in the scale of operations & continuity of satisfactory financial risk profile of the company. Further the 'Stable' Outlook indicates a low likelihood of rating change over the medium term

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Consolidated
Parent/ Group Support	Not Applicable

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Key Rating Drivers with Detailed Description

Strengths

Growth in scale of operations and profitability

On a consolidated basis, the company's TOI increased by 7.63% to Rs. 181.12 crore in FY26 from Rs. 168.27 crore in FY25, supported by sustained demand for casing pipes and connectors. Consolidated EBITDA margin improved to 17.47% in FY26 from 15.37% in FY25, while PAT margin increased to 10.29% from 8.84%. On a standalone basis, UDTL's TOI increased by 5.69% to Rs. 181.96 crore in FY26 from Rs. 172.16 crore in FY25. Casing pipes and connectors remained the key revenue drivers, contributing around 85% of total sales. Standalone EBITDA increased by 24.62% to Rs. 29.08 crore, with EBITDA margin improving to 15.98% from 13.56%. Standalone PAT increased by 25.74% to Rs. 18.76 crore, with PAT margin improving to 10.06% from 8.52%, supported by higher operating profitability despite a moderate increase in finance costs.

Healthy financial risk profile

On console basis the company maintained a healthy financial risk profile, supported by a healthy net worth position and low leverage. On a consolidated basis, tangible net worth increased to Rs. 249.45 crore as on March 31, 2026, from Rs. 235.18 crore as on March 31, 2025, driven by accretion of profits to reserves. Working capital borrowings declined sharply to Rs. 2.77 crore in FY26 from Rs. 31.49 crore in FY25, primarily due to substantial payments collections towards year-end. The capital structure remained strong, with overall gearing improving to 0.01x from 0.13x and TOL/TNW improving to 0.11x from 0.31x during FY26 from FY25, while debt protection metrics remained healthy, with interest coverage and DSCR at 8.90x and 7.15x, respectively, in FY26.

Experienced promoters with established track record in the business

The company is led by Mr. Pramod Kumar Gupta Agarwal, who has 43 years of extensive experience in engineering and marketing within the oil industry assisted by Mr. Kanal Gupta and Mr. Inderpal Sharma along with other independent directors. The long-standing presence of the promoters in the industry has enabled the company to establish strong relationships with customers in a remarkably short time.

Weaknesses

Working capital intensive nature of operations

The operations remain working capital intensive, as reflected in the consolidated operating cycle of 465 days in FY26, albeit improved from 481 days in FY25. The long operating cycle is primarily attributable to high inventory holding, with inventory days improving to 365 days in FY26 from 444 days in FY25. The inventory requirement remains elevated due to the customised nature of equipment manufactured, involving multiple stages such as machining, welding, non-destructive testing (NDT), assembly and testing, followed by quality assurance and inspection by end customers. Given the nature of operations, inventory levels are expected to remain relatively high over the medium term. Debtor days remained broadly stable at 144 days in FY26 compared with 142 days in FY25, while creditor days moderated to 44 days from 106 days during the same period.

Highly regulated industry with risk related to environmental and safety hazards

The oil exploration is subject to the risks of tightening regulations on environment and safety. It also remains exposed to the longer-term risk of the ongoing shift towards a future that is less dependent on fossil fuels. But this is a risk that will play out only over the distant future as India remains heavily dependent on oil and gas. The changes in the regulations for this segment and its direct / indirect impact on UDTL will remain a key rating monitorable.

Exposure to foreign exchange fluctuation risk

The company imported ~10-15% of its raw materials in FY26 and exported around ~5% its products during the same period which exposes company to risk of foreign currency fluctuation and would impact the company's profitability due to vulnerable foreign currency exchange rate fluctuations, to the extent unhedged.

Liquidity – Adequate

The company is expected to generate adequate cash flow from operations to take care of debt repayment obligation in FY27 of Rs. 0.25 crore. The Average fund-based utilization of the firm remained moderate at ~38% for the last 12 months ended June 2026. Unencumbered cash and bank balance stood at Rs. 5.67 crore as on Aug 31, 2026.

Rating Sensitivities

Upward Factors

- Sustained improvement in the scale of operations and profitability.
- Sustained improved in working capital cycle with reduction in debtors and inventory days

Downward Factors

- Sizeable decline in operating revenue, besides decline in profitability thereby impacting the debt protection indicators.
- Further elongation in the operating cycle impacting liquidity of the company.

About the Group

UDTL incorporated in 1985 and listed on the NSE and BSE, manufactures oil drilling tools and equipment, including large OD high-performance connectors, casing pipes, wireless winches, gas lift equipment, and downhole tools. The company operates from Noida, Uttar Pradesh, with manufacturing facilities spread across approximately 800,000 sq. ft. Its facilities are designed to produce products that meet international quality standards. UDTL operates four manufacturing plants: two in Noida, Uttar Pradesh, for GLV, mandrels, stabilizers, and winches, and two in Gujarat for casing pipes and connectors.

P Mittal Manufacturing Private Limited (PMMPL), 100% owned subsidiary of UDTL incorporated in 2008 is engaged in the manufacturing of job work of oil drilling tools and equipment such as large OD high-performance connectors, casing pipes, wireless winches, gas lift equipment, downhole tools, and more for UDTL. The company operates in Noida, Uttar Pradesh. The operational information of PMMPL is on same line as parent company.

Key Financial Indicators (Consolidated):

For the year ended/ As on*	31-03-2025	31-03-2026
	Audited	Audited
Total Operating Income	168.27	181.12
EBITDA	25.87	31.64
PAT	15.03	18.97
Total Debt	31.49	2.77
Tangible Net Worth (TNW)	235.18	249.45
EBITDA Margin (%)	15.37	17.47
PAT Margin (%)	8.84	10.29
Overall Gearing (times)	0.13	0.01
Interest Coverage (times)	9.43	8.90

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2025	31-03-2026
	Audited	Audited
Total Operating Income	172.16	181.96
EBITDA	23.34	29.08
PAT	14.92	18.76
Total Debt	31.49	2.77
Tangible Net Worth (TNW)	234.08	248.16
EBITDA Margin (%)	13.56	15.98
PAT Margin (%)	8.52	10.06
Overall Gearing (times)	0.14	0.01
Interest Coverage (times)	8.55	8.21

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

Applicable Criteria

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition and Post Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Consolidation of Companies](#)

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years

Sr. No.	Instrument s/ Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24
					Aug 05, 2025	-	-
1.	Fund based facilities	LT	15.00	IVR BBB/Stable	IVR BBB/Stable	-	-
2.	Fund/Non Fund based facilities	ST	65.18	IVR A3+	IVR A3+	-	-

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook	Listing Status	Regulator^	Complexity Indicator
Cash Credit	-	-	-	-	15.00	IVR BBB/Stable	Not Applicable	RBI	Simple
BG/IBG/ FBG	-	-	-	-	18.00	IVR A3+	Not Applicable	RBI	Simple
BG/IBG/ FBG	-	-	-	-	6.00	IVR A3+	Not Applicable	RBI	Simple
LC/ILC/F LC	-	-	-	-	7.00	IVR A3+	Not Applicable	RBI	Simple
LC/ILC/F LC	-	-	-	-	9.00	IVR A3+	Not Applicable	RBI	Simple
EPC/PCF C	-	-	-	-	25.00	IVR A3+	Not Applicable	RBI	Simple
Forward Contract	-	-	-	-	0.18	IVR A3+	Not Applicable	RBI	Simple

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure 2: Facility wise lender details:

https://infomericstorage.blob.core.windows.net/uploads/Len_United_Drill_Tools01_Oct26_829eb81aa8.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for Consolidated/Combined analysis:

Name of the entity	Extent of Consolidation	Rationale for consolidation
United Drilling Tolls Limited	Full Consolidation	Parent company
P Mittal Manufacturing Private Limited	Full Consolidation	Subsidiary (100%)

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) * \$	RBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) *	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11a	Fixed Deposits raised by NBFCs, HFCs, FIs	RBI
11b	Fixed Deposits raised by Banks	+
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts \$	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	+
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side Regulator such as IRDAI, PFRDA @

Footnotes:

** Includes securitisation transactions involving assignee payout, acquirer's payout.*

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Infomerics Valuation and Rating Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

\$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

+ To be finalized following a discussion with the regulatory authorities.

Note: For activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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