

UNITED DRILLING TOOLS LIMITED

CIN: L29199DL1985PLC015796

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



32nd ANNUAL REPORT

2013-2014

UNITED DRILLING TOOLS LIMITED

CIN: L29199DL1985PLC015796

UNITED DRILLING TOOLS LIMITED**CIN: L29199DL1985PLC015796**

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

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UNITED DRILLING TOOLS LIMITED

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



CORPORATE INFORMATION

BOARD OF DIRECTORS

| | | |
|----------------------------------|---|--|
| SHRI PRAMOD KUMAR GUPTA | : | Chairman cum Managing Director M.S.I.E., P.E. (USA) |
| SHRI SHIVSHARAN KUMAR. BHAGAT | : | Independent & Non Executive Director Civil Engineering Graduate Retired Chief Engineer, NDMC, New Delhi |
| SHRI VIDHYA BHUSHAN MISHRA | : | Independent & Non Executive Director Graduate Ex. P.A. to Dy. Chairman, Rajya Sabha |
| SHRI KRISHNA DYAL AGGARWAL | : | Independent & Non Executive Director Post Graduation in Economics along with law, Certified Associate of Indian Institute of Bankers, Diploma in Industrial finance and co-operative Retired as Manager from Reserve Bank of India. |
| SHRI UMA SHANKAR PANDEY | : | Non-Executive Director Retired as G.M Commercial, Indian Airlines Ltd |
| COMPANY SECRETARY | : | Mr. P.K. Ojha B.Sc. , LL.B & CS |
| BANKERS | : | ALLAHABAD BANK |

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International Branch
Parliament Street
New Delhi-1

REGISTRAR & SHARE TRANSFER AGENT : Alankit Assignments Limited
2E/21 Alankit House
Jhandewalan Extension,
New Delhi-110055

REGISTERED OFFICE

B-94, Shashi Garden Patparganj, Delhi-110091

FACTORY

- C-41 SECTOR -81 NOIDA (U.P.) Distt. GAUTAM BUDH NAGAR-201 305
- PLOT NO. 523, NEW AREA, KSEZ, GANDHIDHAM, KUTCH-370230
- PLOT NO. 129G/25-26, NSEZ , NOIDA-201305

HEAD OFFICE / CORPORATE OFFICE

A-22, PHASE-II, NOIDA. (U.P), GAUTAM BUDH NAGAR-201305

WEBSITE; - WWW.UDTLTD.COM
E-MAIL ID:- COMPSECT@UDTLTD.COM

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-
- Note: 1. Your Company is registered as an issuer company with both the depository CDSL & NSDL for Dematerialization of shares and Company ISIN No. is INE961D01019.
2. Shareholders are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
3. No gifts or coupons would be given to the shareholders for attending the Annual General Meeting.

Notice

Notice is hereby given that the Thirty Second Annual General Meeting of United Drilling Tools Limited will be held on **Tuesday, the 11th November, 2014** at 11.00 A.M. at Maharani Bagh Community Centre, 1 Central Avenue, Maharani Bagh New Delhi 110 065, to transact the following business:

ORDINARY BUSINESS:

1. To appoint a Director in place of Mr. U.S Pandey having DIN 02877691, who retires by rotation and, being eligible, offers himself for re-appointment.
2. Appointment of Statutory Auditors

To consider and if thought fit to pass with or without modification(s) the following resolution as an **Special Resolution:**

“RESOLVED THAT M/s Agarwal Dhruv & Co., Chartered Accountants, Noida, retiring auditors of the Company having Firm Registration no. 008900N shall not be re-appointed to act as Statutory Auditors of the Company and accordingly their tenure comes to an end on the conclusion of ensuing Annual General Meeting.

RESOLVED FURTHER THAT subject to the provisions of Section 225 and other applicable provisions, if any, of the Companies Act, 1956, read with applicable provisions of Section 139 to 147 (Both inclusive) and Chapter X of the Companies Act, 2013 including The Companies (Audit and Auditors) Rules 2014 **M/s R S Dani & Co. Chartered Accountants, Kothari, Complex, Near, G.P.O Bhilwara-311001 (Raj), bearing ICAI Registration No.000243C**, be and are hereby appointed as Statutory Auditors of the Company till the conclusion of the 37th AGM of the Company to be held in the year 2019 (subject to ratification of their appointment at every AGM), at such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company on the recommendation of the Audit Committee of Directors in place of the retiring Auditors, **M/s. Agrawal Dhruv & Co., Chartered Accountants, Office- GF-41, Ansal Fortune Arcade, Sector-18, noida-201301. having FRN. 008900N**

.”

SPECIAL BUSINESS:

1. Appointment of Mr. S. S.K. Bhagat as an Independent Director of the Company

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To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and clause 49 of the Listing Agreement, Shri S S K Bhagat (DIN 00841981), a non executive Director of the Company whose period of office is not liable to determination by retirement of directors by rotation and who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of Five years up to 31st March, 2019 from the date of this Annual General Meeting i.e. 11th November, 2014 to 31st March, 2019 (both days inclusive).”

2. Appointment of Mr. V. B. Mishra as an Independent Director of the Company

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and clause 49 of the Listing Agreement, Shri V B Mishra (DIN 00619543), a non executive Director of the Company whose period of office is not liable to determination by retirement of directors by rotation and who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of Five years up to 31st March, 2019 from the date of this Annual General Meeting i.e. 11th November, 2014 to 31st March, 2019 (both days inclusive).”

3. Appointment of Mr. K. D. Aggarwal as an Independent Director of the Company

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and clause 49 of the Listing Agreement, Shri K D Aggarwal (DIN 00861164), a non executive Director of the Company whose period of office is not liable to determination by retirement of directors by rotation and who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five years up to 31st March, 2019 from the date of this Annual General Meeting i.e. 11th November, 2014 to 31st March, 2019 (both days inclusive).”

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4. Appointment of M/s. Balraj Sharma & Associates, a practicing Company secretary As an Secretarial auditor of the company

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of sections 204 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with rules of listing agreements of Sock Exchange, as amended from time to time, Mr. Balraj Sharma, a practicing Company Secretary (FCS-1605, C.P. No.-824), be and is hereby appointed as a Secretarial Auditor of the company with effect from 25th September for the financial year-2014-15 on such term and conditions as agreed amongst Mr. Balraj Sharma and the Board of directors of the Company.”

5. Re-appointment of Sh. Pramod Kumar Gupta as Managing Director of the company.

To consider and if thought fit to pass with or without modification, if any the following resolution as Special Resolution.

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 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 to the Companies Act, 2013 and Articles of Association of the Company and subject to the approval of Central Government or other Government authority/agency/board, if any, the consent of the shareholders of the Company be and is hereby accorded to re-appoint Mr. Pramod Kumar Gupta as Managing Director of the Company for a period of three years with effect from 21st December, 2014 pursuant to said appointment being approved by the Board of Directors in its meeting.

FURTHER RESOLVED THAT the consent of the shareholders of the Company be and is hereby also accorded that where in any financial year the Company has no profits or inadequate profits then remuneration as decided above be paid with the prior approval of the Central Government, if required.

FURTHER RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 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 to the Companies Act, 2013 and Articles of Association of the Company and subject to the approval of Central Government or other Government authority/agency/board, if any, approval of the Company be and is hereby accorded to pay a remuneration as per schedule-V section IIA of Companies Act, 2013 subject to limit specified by Section 197 & 198 of Companies Act, 2013 as approved by remuneration committee as well as Board of Directors of the company, the remuneration of Sh. Pramod Kumar Gupta be and is hereby revised w.e.f 1st April, 2014 for three years i.e upto 31st March, 2017 as Rs. 3, 50,000/- (Three Lac Fifty Thousand) Per month including all perquisites and benefits except as provided by section IV of schedule V i.e Contribution to provided 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 Encasement of leave at the end of the tenure.

FURTHER RESOLVED THAT the Board of Directors of the Company or any committee thereof be and is hereby authorized to do all such acts, deeds and things as in its absolute discretion it may think necessary, expedient or

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desirable; to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution and to seek such approval/ consent from the government departments, as may be required in this regard.

FURTHER RESOLVED THAT the Board of Directors of the Company or any committee thereof be and is hereby also authorized to amend, alter, modify or otherwise vary the terms and conditions of appointment of Mr. Pramod Kumar Gupta, Managing Director, including the components of the remuneration payable to him, if any at a later stage, subject to the overall cap within the provisions in sync with Companies Act, 2013.

6. To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:

To consider and if thought fit, to pass, with or without modification(s) the following resolution as on Special Resolution

“RESOLVED THAT, in supercession of earlier resolution of members passed under Section 293 of the Companies Act, 1956, pursuant to provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under read with Articles of Association of the Company (including any statutory modifications or re-enactment thereof for the time being in force) and subject to any other approval, if required, consent of the members be and is hereby accorded to board so as to enable them to borrow money not exceeding Rs. 100.00 Crore (Rupees One hundred Crores only) for the purpose of business of the Company notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from the temporary loans obtained/to be obtained from the Company’s Bankers in the ordinary course of business) will exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, in one or more than one tranche, at such time or times and from time to time and in such form or manner as the Board may in its absolute discretion deem fit, from banks, public financial institutions, body(ies) corporate or any other party by the Company, from time to time, together with interest, at the respective agreed rates, additional interest, compound interest, accumulated interest, liquidated damages, commitment fee, premia on prepayment, additional interest, further interest, remuneration of the agent(s), trustee(s), if any, all other costs, charges and expenses and all other monies payable by the Company in terms of the financing documents, or any other documents, entered into/to be entered into between the Company and the lenders, agents and trustees in respect of the said borrowings/financial assistance and containing such specified terms and conditions and covenants in respect of enforcement of security(ies) as may be stipulated in that behalf and agreed to between the Company and the lenders, (including their agent(s), trustee(s)).

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do such acts, deeds and things as may be deemed expedient to give effect to the above resolution."

ITEM No. 7

To consider and if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution:

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"RESOLVED THAT, in supercession of earlier resolution of members passed under Section 293 of the Companies Act, 1956, pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under (including any statutory modifications or re-enactment thereof for the time being in force) and of previous company law (as defined in the Companies Act, 2013) and the Articles of Association of the Company and subject to any other approval, if required, consent of the members be and is hereby accorded to the Board so as to enable them to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company and provide security by way of equitable or any other mortgage, hypothecate and/or charge, in addition to any other mortgage, hypothecations or charges created/to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the movable and/or immovable properties of the Company (including but not limited to all intangible property, rights and benefits under all contracts and agreements entered into by the Company and the monies of and long term receivables of, and the loans and advances made by, the Company), both present and future, and/or the whole or substantially the whole of the undertaking or any part of properties of the Company where so ever situated, in favour of the lender(s) and/or their agent or trustees for securing the borrowings and financial assistance obtained/to be obtained from banks, public financial institutions, body(ies) corporate or any other party by the Company, from time to time, together with interest, at the respective agreed rates, additional interest, compound interest, accumulated interest, liquidated damages, commitment fee, premia on prepayment, additional interest, further interest, remuneration of the agent(s), trustee(s), if any, all other costs, charges and expenses and all other monies payable by the Company in terms of the financing documents, or any other documents, entered into/to be entered into between the Company and the lenders, agents and trustees in respect of the said borrowings/financial assistance and containing such specified terms and conditions and covenants in respect of enforcement of security(ies) as may be stipulated in that behalf and agreed to between the Company and the lenders, (including their agent(s), trustee(s)).

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do such acts, deeds and things as may be deemed expedient to give effect to the above resolution."

Notes:

1. The relative Explanatory Statement pursuant to section 102 of the Companies Act, 2013 (Act) in respect of the business under Item Nos. 1 to 7 of the Notice, is annexed hereto. The relevant details as required under clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors & under Item No. 2 of Ordinary Business and item no. 1 to 7 of Special Business of the Notice, are also annexed.
2. A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. The Register of Members and Transfer Books of the Company will be closed from Friday, November 07, 2014 to Tuesday, November 11, 2014, both days inclusive.

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4. 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.
5. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Alankit Assignment Ltd for assistance in this regard.
6. 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.
7. 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.
8. Members seeking any information with regard to the Accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the meeting.
9. The Notice of the AGM along with the Annual Report 2013-14 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
10. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with RTA/Depositories.
11. In compliance with the provisions of section 108 of the Act and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all resolutions set forth in this Notice.

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com

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- (ii) Click on “Shareholders” tab.
- (iii) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

| For Members holding shares in Demat Form and Physical Form | |
|---|--|
| PAN* | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Physical Shareholders who have not updated their PAN with the Company are requested to use the first two letters of their name in Capital Letter followed by 8 digits folio no in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0’s before the folio number. Eg. If your name is Ramesh Kumar with folio number 1234 then enter RA00001234 in the PAN field Demat Shareholders who have not updated their PAN with their Depository Participant are requested to use the first two letters of their name in Capital Letter followed by 8 digit CDSL/ NSDL client id. For example: in case of name is Rahul Mishra and Demat A/c No. is 12058700 00001234 then default value of PAN is ‘RA00001234. |
| DOB# | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. |
| Dividend Bank Details# | <p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on <17-10-2014> in the Dividend Bank details field. |

- (vii) After entering these details appropriately, click on “SUBMIT” tab.

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- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant <United Drilling Tools Limited> on which you choose to vote.
- (xi) 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.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) 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.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporate.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.

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- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

(A) Please follow all steps from sl. no. (i) to sl. no. (xvi) Above to cast vote.

(B) The voting period begins on <06-11-2014 timing 9.00 Am > and ends on <07.11.2014 on 6.00 P.M.>. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 17.10.2014 of <17.10.2014>, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

© In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

vi. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.udtlimited.com and on the website of CDSL www.cdslindia.com within two days of the passing of the resolutions at the Thirty second AGM of the Company on November 11, 2014 and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

By Order of the Board of Directors
SD/-

Pramod Kumar Gupta
Chairman & Managing Director
DIN: 00619482

R / O: B-542, New Friends colony
New Delhi-110065

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**EXPLANATORY STATEMENT**

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

As required by section 102 of the Companies Act, 2013 (Act), the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 1 to 6 of the accompanying Notice:

Item Nos. 1, 2 and 3 of Special business:

The Company had, pursuant to the provisions of clause 49 of the Listing Agreements entered with the Stock Exchanges, appointed Mr. S.S. Bhagat, Mr. V.B. Mishra and Mr. K.D. Aggarwal, as Independent Directors at various times, in compliance with the requirements of the clause.

Pursuant to the provisions of section 149 of the Act, which came in to effect from April 1, 2014, every listed public Company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

The Nominations Committee has recommended the appointment of these directors as Independent Directors from September 25, 2014 to September 2019,

Mr. S.S. Bhagat, Mr. V.B. Mishra and Mr. K.D. Aggarwal, non-executive directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, each of these directors fulfil the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and they are independent of the management.

In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

A brief profile of the Independent Directors to be appointed is given below:

Mr. S.S. Bhagat is a B. Tech (Civil) from recognized institution in India. He is retired Chief Engineer from NDMC New Delhi, having more than 40 years experience in civil and construction,

Mr. V.B. Mishra is Graduate, Ex. PA to Dy. Chairman of Rajya Sabha, having more than 25 years experience in administration.

Mr. K.D. Aggarwal, is a Post Graduate in Economics as well Law. He is also member of certified Associate of Indian Institute of Banker. He has also diploma in Industrial finance and co-operative. He is retired from the post of manager of Reserve Bank of India. He has good knowledge and experience in the area of finance and corporate Law.

ITEM No. 4 of special business

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As per requirement in pursuant to the provision of section 204 of the Companies Act, 2013 and rule and regulation made therein, or other applicable provision if any, of the act, Mr. Balraj Sharma FCS having more than 30 years experience in this field as secretarial auditor of the company for the financial year 2014-15.

ITEM NO. 5 of special business

Sh. Pramod Kumar Gupta, chairman cum Managing Director of the company is retiring on 20.12.2014 on completion of tenure. The Board of Director of the company at their meeting held on 07.10.2014 discussed the issue related to appointment of Shri Pramod Kumar Gupta as chairman cum Managing Director of the company w.e.f 21.12.2014 to till the age attaining 70 years old i.e 01.01.2018.

Shri Pramod Kumar Gupta is master in Industrial Engineering U.S.A and Regd. Professional Manufacturing Engineer from U.S.A and has a wide experience of Oil Drilling Industry of U.S.A. The association and services of Sh. Pramod Kumar Gupta has been useful to the company and the Board of Directors after evaluating his working performance and efficiency, are in opinion that his re-appointment as Managing Director would be in the best interest of the company. The Board of Director considered that Sh. Pramod Kumar Gupta be re-appointed as Chairman cum Managing Director and be paid remuneration as per the term of appointment and the resolution placed before you for your approval.

The Board of Directors, therefore, recommends the above resolution for your approval. None of the Directors except himself is considered interested or concerned in the said resolution to the extent of his re-appointment as Chairman cum Managing Director and remuneration being received by him

ITEM NO. 6 & 7 of special business

Your company is a manufacturing unit which produces very sophisticated and technical tools for oil drilling companies in India as well as abroad. It used latest and most recent technology for its production. The company is growing rapidly due to merger and aggressive policy of the company and its sales are increased 40 to 50% high rate every year. Due to effect of merger & using latest technology, plant and machinery, the company is growing very fast way and therefore, required large amount of finance to complete the orders. Hence the company has to go their bankers for hire the amount of limits to complete these orders received by them. Since the turnover plan of the company is to reach upto Rs. 150 to 200 crores by next year, the company's requirement for loan will increase to 100 crores. Therefore, the company requested its members to authorize the Board to get bank limits upto 100 Crores for procuring orders upto Rs. 200 Crores as PC/ PCFC, bank Guarantee and letter of Credits.

Further The members of the Company at the their Meeting held on **29.09.2005 authorized** the Board of Directors of the Company to borrow and create charge for securing the loans / borrowings availed from time to time from the lenders / banks / institutions etc., such sum or sums of money which together with the monies already borrowed by the Company may exceed the aggregate of the Paid-up Capital of the Company and its free reserves, For reasons stated hereinabove and also keeping in view the efflux of time the said sanctioned limit is seemingly not sync with Company's scale of operations and accordingly your board has decided to seek fresh approved so as to enable board to create charge over its assets and borrow money from banks / FIIs etc. beyond the aggregate of its paid up capital and capital reserves.

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Accordingly to meet the increasing long term working capital requirements and for financing the present and future projects of the Company, the Board of Directors request the Members to accord their consent to borrow monies and create charge for securing the loans / borrowings availed from time to time from the lenders/ banks / institutions etc., to such extent up to a maximum limit of Rs 100 Crores (Rupees One hundred Crores only) to be outstanding at any given point of time as per the provisions of the Companies Act, 2013.

None of the Directors or Key Managerial Personnel including their relatives is, in any way, concerned or interested, financially or otherwise, in the proposed Resolution as the resolutions are also only enabling resolutions.

Item No. 2 of ORDINARY BUSINESS:**Note on appointment of M/s. R S Dani, Chartered Accountants, as Statutory Auditors of the Company (Item No. 2 of ordinary business)**

This explanatory statement is provided though strictly not required as per section 102 of the Act. The Company's accounts were required to be audited by **M/s. Agrawal Dhruv & Co, Chartered Accountants, ICAI Firm Registration no. 008900N, Office at GF-41, Ansal Fortune Arcade, Sector-18, noida-201301** pursuant to assignment conferred to them by way of Members resolution dt. **25.09.2013**.

We would like to inform you that your existing statutory auditors **M/s. Agrawal Dhruv & Co.** Chartered Accountants, ICAI Firm Registration No.: **009800N** has derelicted from duty and has not completed the Audit work as entrusted to them, whereby the Company ran into defaults of the provisions of Companies Act, 1956 and Companies Act, 2013 (to the extent applicable), Listing Agreement and the like. In view of enabling provisions of Section 225 of the Companies Act, 1956 and Chapter X of the Companies Act, 2013 Section 139 to 147 (both inclusive), to the extent applicable read with Companies (Audit and Auditors) Rules 2014, The Board had decided to proceed ahead with holding/convening of Annual General Meeting as required pursuant to provisions of Section 166 of Companies Act, 1956 and Section 96 of the Companies Act, 2013 (to the extent applicable) and transact business required to be transacted with the exception of placing of Audited Annual Accounts for the FY ended 31.03.2014.

Besides the submissions as aforesaid, It is worth stating here that in view of newly enacted Companies Act, 2013 read with relevant rules to the effect the Audit Committee recommended to the Board that it would be appropriate to change the statutory auditors as a fairly long period had elapsed since their first appointment. This move is also a step towards regime of good corporate governance as enunciated by Companies Act, 2013 and good corporate governance practices adopted and adhered by your Company.

M/s **M/s. Agrawal Dhruv & Co.**, Chartered Accountants, ICAI Firm Registration No.: **008900N** the retiring Auditors, have been auditors of the Company since their appointment at the **12th** Annual General Meeting held in 1995. As per the applicable statutory provisions, audit of the of the accounts for the financial year ending on March 31, 2014 should have been completed by said firm on account of power vested in them, latest by May 30, 2014, which they have failed to do. The Management consistently requested the said firm for completion of audit and the firm did not comply in utter dereliction of the responsibility entrusted to them. The said acts led the Company ran into defaults and violation of various provisions of Companies Act and Listing Agreement including other applicable statues. On account of the same the financials statements of the Company are not ready and hence are not being sent for consideration and adoption of the same by members. The management is helpless placed by the conduct of the auditors and has accordingly decided to conduct the Annual General Meeting of the Company in compliance with Section 166 of the Companies Act, 1956 and Section 96 of the Companies Act, 2013 (to the extent applicable).

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We wish to further inform that the requisite approval from the Registrar of Companies for extension in holding the AGM pursuant to the provisions of Section 96 of the Companies Act, 2013 by a period of **60 (Sixty) days**, accorded vide their order dated 24.09.2014.

Furthermore, it is pertinent to apprise the members that the Company has also received a Special Notice under Section 140 (4) read with Section 115 of the Companies Act, 2013 from Shri **Knal Gupta** in the capacity as a member who also happens to be promoter being Son of CMD of the Company recommending candidature for appointment of **M/s R S Dani & Co.**, Chartered Accountants, ICAI Firm Registration No.: **000243C** as Statutory Auditors of the Company in place of **M/s. Agrawal Dhruv & Co** . The Company has sent a copy of the said Special Notice to **M/s. Agrawal Dhruv & Co.**, Chartered Accountants in compliance with law of land. The Audit Committee had accordingly considered such a receipt of special notice, deliberated and recommended to the Board appointment of M/s R S Dani & Co., as Statutory Auditors for a period of five consecutive years from the conclusion of 32nd Annual General Meeting up to the conclusion of 37th Annual General Meeting in view of circumstances as explained hereinabove coupled with fact of concept of rotation of Statutory Auditors. For the purpose of seeking representation, if any, from the Statutory auditor a copy of said notice has been sent to them for their records and action, if any which was required pursuant to provisions of Companies Act, 1956 and Companies Act, 2013 (to the extent applicable) The representation, if any, received from **M/s. Agrawal Dhruv & Co.** the retiring auditors within the stipulated time shall be sent to the members or shall be placed at the Annual General Meeting as the case may be.

M/s. R S Dani & Co. Chartered Accountants, Kothari Complex, Near G.P .O , Bhilwara (Raj) bearing ICAI Registration No. 000234C Have indicated their willingness to be appointed as the Statutory Auditors of the Company and have given a declaration/certificate confirming their eligibility to be appointed.

Your Board is committed to adhere to best Corporate Governance practices and accordingly shall endeavor to place the financials of the Company for the year ended March 31, 2014 at the earliest opportunity. Since the present auditors have failed in their duty to conduct the audit of the annual accounts for the financial year ended March 31, 2014 despite the best of efforts made by the management and the repeated requests to them, the Board assumes the duty to complete the unfinished task for which necessary action shall be taken in due course of time alongwith corrective action, required to be taken, if any so that the clean and impeccable track record of the Company can be maintained.

Members may note further that M/s R S Dani & Co., Chartered Accountants, had confirmed their eligibility and willingness to act as such and accordingly after the conclusion of 32nd AGM, the tenure of M/s Agarwal Dhruv & Co. shall come to an end and M/s R S Dani & Co. can act as Statutory auditors of the Company for a period of Five years as per requirements of Companies Act, 2013. A resolution as required thereto has been suitably incorporated in the agenda of notice to be transacted in ensuing AGM.

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Your Board is concerned of the state of affairs and had taken note of the fact of company running into default of provisions of Section 210, 215, 216 and 217 of the Companies Act, 1956 and Companies Act, 2013 (to the extent applicable). Your Board admits the lapses in compliance and shall take the appropriate and corrective measures in time to come. It shall also be the endeavor of your board to present the financials for the year ended 31.03.2014 for the purpose of ensuring compliance of the law of land. The reasons for non presentation of duly audited financials is responsibility of management the reason of which is explained elsewhere in this notice/explanatory statement and also stands dealt in Directors Report for the period under consideration.

In terms of requirements of provisions of Chapter X of the Companies Act, 2013 and further based on the recommendation of the Audit Committee, the Board of Directors had at its meeting held on **07/07/ 2014** recommended the appointment of M/s. **R S Dani & Co., Chartered Accountants, FRN: 00243C** as statutory auditors of the Company for a block of Five years whose tenure shall come to end on the conclusion of Annual General Meeting scheduled to be held in FY 2019-20. It is worth stating here that M/s R S Dani & Co., Chartered Accountants was a firm of repute and they had expressed their eligibility and willingness to act as statutory auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956 and Section 139 to 147 (both inclusive) read with applicable provisions of Chapter X of the Companies Act, 2013 and rules to the effect.

The Members' approval is being sought for the appointment of M/s R S Dani, Chartered Accountants, Bhilwara (Raj) as the statutory auditors and to authorise the Board of Directors, on the recommendation of the Audit Committee, to determine the remuneration payable to them.

As the resolution is only enabling resolution for the purpose of ensuring compliance it should safely be presumed that none of the Directors of the Company are concerned or interested in this resolution. Your Directors accordingly recommend the resolution for your approval.

By Order of the Board of Directors

Sd/-

Pramod Kumar Gupta

Chairman & Managing Director

DIN :00619482

R/O :B-542, New Friends colony

New Delhi-110065

Delhi, August, 14, 2014

CIN: L29199DL1985PLC015796

Registered Office:

B-94, Shashi Garden, Patparganj

Delhi-110091

Tel: 91 0120 4842400 Fax: 91 0120 2462675

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

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| | |
|--|---------------------------|
| Name of the Director | SH. U.S Pandey |
| Date of Birth | 10/08/1946 |
| Date of Appointment | 30.10.2009 |
| Qualifications | Post Graduate in Commerce |
| Expertise | Finance /Administration |
| Directorship in other Companies | NIL |
| Committee Positions in United Drilling Tools Limited | 3 |
| Committee Positions in other Public Limited Companies | NIL |
| Relation between Directors | NIL |
| Number of Shares held in United Drilling Tools Limited | NIL |

(B) Details of Independent Directors reappointed as per Companies Act, 2013

(i)

| | |
|---|-------------------------|
| Name of the Director | SH. S.S.K Bhagat |
| Date of Birth | 22.04.1933 |
| Date of Appointment | 30.10.1998 |
| Qualifications | Civil Engineer Graduate |
| Expertise | Engineering |
| Directorship in other Companies | NIL |
| Committee Positions in United Drilling Tools Limited | 1(One) |
| Committee Positions in other Public Limited Companies | NIL |

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| | |
|--|-----|
| Relation between Directors | NIL |
| Number of Shares held in United Drilling Tools Limited | NIL |

(ii)

| | |
|--|-----------------|
| Name of the Director | SH. V.B. Mishra |
| Date of Birth | 28.09.1958 |
| Date of Appointment | 30.04.2001 |
| Qualifications | Graduate |
| Expertise | Administration |
| Directorship in other Companies | NIL |
| Committee Positions in United Drilling Tools Limited | 3 (Three) |
| Committee Positions in other Public Limited Companies | NIL |
| Relation between Directors | NIL |
| Number of Shares held in United Drilling Tools Limited | NIL |

(iii)

| | |
|---------------------------------|-------------------|
| Name of the Director | SH. K.D. Aggarwal |
| Date of Birth | 10.06.1943 |
| Date of Appointment | 29.09.2006 |
| Qualifications | Law Graduate |
| Expertise | Corporate Law |
| Directorship in other Companies | NIL |

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| | |
|--|----------|
| Committee Positions in United Drilling Tools Limited | 2 (Two) |
| Committee Positions in other Public Limited Companies | NIL |
| Relation between Directors | NIL |
| Number of Shares held in United Drilling Tools Limited | NIL |

I. GENERAL INFORMATION

| | | |
|-----|---|---|
| (1) | Nature of Industry | Manufacturing of oil drilling Equipment |
| (2) | Date or expected date of commencement of commercial production | N.A The company is already in existence and operation. |
| (3) | In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | N.A |

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DIRECTORS' REPORT

TO THE MEMBERS

Your Directors present the 32nd Annual Report of the Company together with the Audited Statements of the Accounts for the year ended 31st March, 2014.

1. OPERATION

Your Company has been able to perform very good due to the philosophy of hard work and amalgamation with other company, which has increased Company's product line and profits. The company is continuously extending its business into export markets as well as developing new customers in Inida.

Further the Company has completed its projects in SEZ areas in Noida & Kandla. The Company has implemented ISO-14001 and OHSAS-18001 in its plants which will further open overseas markets for the Company and also improve Health and Safety of the employees.

2. DIVIDEND

Your Directors are not in a position to recommend dividend for the financial year under review in view of non availability of Audited Financials coupled with a view to further consolidate the funds position of the Company. The Board may consider remunerating suitably to its members at appropriate time.

3. FUTURE OUT LOOK

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

4. LISTING

Your Company's Equity Shares are listed on The Bombay Stock Exchange, Delhi Stock Exchange and UP Stock Exchange. The Company has paid the listing fees for the year 2014-2015 to Bombay Stock Exchange, Delhi Stock Exchange and UP Stock Exchange where the securities of the Company are listed.

5. MAJOR EVENT**Scheme of Amalgamation**

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Your company has amalgamated M/s Macro Steel Engineers Pvt. Ltd (a transferor company) with itself vide order of Hon'ble Delhi Court dated 01/05/2014 for which effective date was 25/07/2014, which helped your company to spread their market with in India as well as abroad, through increase its product line by using latest design and technology.

6. DIRECTORS

Your Board of Directors comprises of eminent, experienced and reputed Individuals of the Industry. There have been no significant changes in the composition of the Board of Directors from the previous Annual General Meeting, till the current one.

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

| Sr. No | Name of the Director | Designation on the Board |
|--------|------------------------|--------------------------------|
| 1 | Mr. Pramod Kumar Gupta | Chairman and Managing Director |
| 2 | Mr. S.S.K Bhagat | Independent Director |
| 3 | Mr. V.B. Mishra | Independent Director |
| 4 | Mr. K.D.Aggarwal | Independent Director |
| 5 | Mr. Uma Shankar Pandey | Non Executive Director |

On account of the requirement of Section 255 of the Companies Act 1956 and Articles of Association, Mr. U. S. Pandey, are liable to retire by rotation at the ensuing AGM and being eligible have offered themselves for re-appointment.

7. PARTICULARS OF EMPLOYEES

In accordance with the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (particulars of employees) Rules, 1975 as amended by the Companies (Amendment) Act, 1988, the statement is not being annexed as the same is not applicable since no employee drew the stipulated amount of salary as provided in the rules.

8 STATUTORY AUDITOR AND ANNUAL ACCOUNTS

M/s Agrawal Dhruv & Company, Chartered Accountants, being the Statutory Auditors of the Company, retire at the conclusion of ensuing AGM. We would like to inform you that your existing statutory auditors M/s Agawal Dhruv & Company, Chartered Accountants, ICAI Firm Registration No.: 008900N has derelicted from duty and has not completed the Audit work as entrusted to them, whereby the Company ran into defaults of the provisions of Companies Act, 1956 and Companies Act, 2013 (to the extent applicable), Listing Agreement and the like. In view of enabling provisions of Section 210 of the Companies Act, 1956 your board could not present audited financials on account of reason as stated herein above and for which your board is concerned. The Management undertakes to complete the pending task at the earliest and shall place the Financials for FY ended 31.03.2014 in compliance with

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law of land. Your board also confirm that non placing of financials was a requirements of Companies Act, 1956 and Companies Act, 2013 as well which your board fails to do for reasons stated hereinabove and enclosed notice as well for which necessary corrective measures shall also be taken so as to keep the track record of your Company clean, impeccable and entities which are known for compliance of the conditions of corporate governance of statutory and non statutory clauses. Henceforth your board is unable to comment upon Annual Accounts and Statutory Auditors report in view of non availability of same.

Accordingly your Board had decided to proceed ahead with holding/convening of Annual General Meeting as required pursuant to provisions of Section 166 of Companies Act, 1956 and Section 96 of the Companies Act, 2013 (to the extent applicable) so as to minimize the non compliance and transact business required to be transacted with the exception of placing of Audited Annual Accounts for the FY ended 31.03.2014 the reasons of which was required to be explained to the stakeholders and had been addressed suitably in present report.

Besides the submissions as aforesaid, It is worth stating here that in view of newly enacted Companies Act, 2013 read with relevant rules to the effect the Audit Committee was deliberating on replacing Statutory Auditors keeping in view the Corporate Governance norms.

The Company has also received a Special Notice under Section 140 (4) read with Section 115 of the Companies Act, 2013 from Sh Kanal Gupta in the capacity as a member of the Company recommending appointment of M/s R S Dani & Co., Chartered Accountants, ICAI Firm Registration No.: 000243C as statutory auditors of the Company in place of M/s Agarwal Dhruv & Co. The Company was duty bound and has accordingly sent a copy of said Special Notice to M/s Agarwal Dhruv & Co., Chartered Accountants, Noida being the retiring auditors in compliance with provisions of Act.

The Board has accordingly acted on the recommendation of audit committee for considering and approving candidature of appointment of M/s R S Dani & Co., as Statutory Auditors for a period of five consecutive years from the conclusion of 32nd Annual General Meeting up to the conclusion of 37th Annual General Meeting. For the purpose of seeking representation, if any, from the Statutory auditor a copy of said notice has been sent to them for their records and action, if any which was required pursuant to provisions of Companies Act, 1956 and Companies Act, 2013 (to the extent applicable) The representation, if any, received from M/s Agarwal Dhruv & Co. the retiring auditors within the stipulated time shall be sent to the members or shall be placed at the Annual General Meeting as the case may be.

Basing on the developments as aforesaid the Audit Committee accordingly considered and recommended to the Board that it would be appropriate to change the statutory auditors. This move is also a step towards regime of good corporate governance as enunciated by Companies Act, 2013 and good corporate governance practices adopted and adhered by your Company.

It is worth stating here that the Audit Committee and the Board of Directors of the Company had recommended name of M/s R S Dani & Co. for appointment as the Statutory Auditors of the Company in accordance with applicable provisions in the forthcoming annual general meeting of the Company for consideration and approval of members.

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Members may note further that M/s R S Dani & Co had confirmed their eligibility and willingness to act as such and accordingly after the conclusion of 32nd AGM the tenure of M/s Gadwall Dhruv & Co. shall come to an end and M/s R S Dani & Co can act as Statutory auditors of the Company for a period of Five years as per requirements of Companies Act, 2013. Your Board is concerned of the state of affairs and had taken note of the fact of company running into default of provisions of Section 210, 215, 216 and 217 of the Companies Act, 1956 and Companies Act, 2013 (to the extent applicable). Your Board admit the lapses in compliance and shall take the appropriate and corrective measures in time to come. The reasons for non presentation of duly audited financials is responsibility of management the reason of which is explained elsewhere in Directors Report and also dealt with suitably in notice for AGM for the period under consideration.

Accordingly basing on the recommendation of Audit Committee coupled with fact of receipt of notice for not recommending appointment of M/s Dhruv & Co., Chartered Accountants, Noida, your board has decided not to recommend said appointment for consideration and approval of members in ensuing AGM.

In terms of requirements of provisions of Chapter X of the Companies Act, 2013 and further based on the recommendation of the Audit Committee, the Board of Directors, had at its meeting held on 07.10.2014 recommended the appointment of M/s R S Dani & Co, Chartered Accountants, Bhilwara (Raj) as statutory auditors of the Company for a block of Five years whose tenure shall come to end on the conclusion of Annual General Meeting scheduled to be held in FY 2019.

It is worth stating here that M/s R S Dani & Co., Chartered Accountants was a firm of repute and they had expressed their eligibility and willingness to act as statutory auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956 and Section 139 to 147 (both inclusive) read with applicable provisions of Chapter X of the Companies Act, 2013 and rules to the effect.

We wish to place it on record that. M/s R S Dani & Co. Chartered Accountants, Bhilwara (Raj), bearing ICAI Registration No. 000243 have indicated their willingness to be appointed as the Statutory Auditors of the Company and have given a declaration/certificate confirming their eligibility to be appointed. Hence the resolution for appointment as such is also proposed for kind consideration of members in ensuing AGM.

REASONS FOR NOT PLACING AUDITED ANNUAL ACCOUNTS FOR FY ENDED 31.03.2014

M/s Agarwal Dhruv & Co., Chartered Accountants, ICAI Firm Registration No.: 008900N the retiring Auditors, have been auditors of the Company since their appointment at **the 12th Annual General Meeting held in 1995** . As per the applicable statutory provisions, audit of the accounts for the financial year ending on March 31, 2014 should have been completed by said firm on account of power vested in them, latest by May 30, 2014, which they have failed to do. The Management consistently requested the said firm for completion of audit and the firm did not comply in utter dereliction of the responsibility entrusted to them. The said acts led the Company into commission of defaults and violation of various provisions of Companies Act and Listing Agreement including other applicable statues. On account of same the financials statements of the Company are not ready and hence are not being sent for consideration and adoption of the same by members. We wish to further inform that the requisite approval from the Registrar of Companies for extension in holding the AGM pursuant to the provisions of Section 96 of the Companies Act, 2013 by a period of 60 (Sixty) days, accorded vide their order dated 24/09/2014.

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Your Board is committed to adhere to best Corporate Governance practices and accordingly shall endeavor to place the financials of the Company for the year ended March 31, 2014 at the earliest opportunity. Since the present auditors have failed in their duty to conduct the audit of the annual accounts for the financial year ended March 31, 2014 despite the best of efforts made by the management and the repeated requests to them, the Board assumes the duty to complete the unfinished task for which necessary action shall be taken in due course of time along with corrective action, required to be taken, if any.

The members may further note that the financials as prepared by Company for Audit before Auditor i.e M/s Agarwal Dhruv & Co. can also be inspected by members of the Company at the registered office of the Company from the dispatch of notice till the date of ensuing AGM except public holiday and any member may do so without even giving notice to the effect.

9. FIXED DEPOSIT:

The Company has not invited or accepted any fixed deposits during the year under review pursuant to section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975.

10. COMPLIANCE OFFICER

As per provision of section 383A of Companies Act, 1956 and as per requirement of listing agreement, company has appointed company secretary in whole time employment as a compliance officer of the company.

11. CORPORATE GOVERNANCE

The Company is duly complied with the various provisions under different clauses of listing agreement of the stock exchange(s). In pursuant to clause 49 in respect to Corporate Governance the company duly complies and duly submitted a quarterly report to the stock exchanges. The company has also duly followed the Corporate Governance practices, which enables to maintain transparency and serve the long-term interest of the Shareholders. The Management Discussion and Analysis Report as well as report on Corporate Governance as of 31st March 2014 are attached hereto as a part of this Annual Report as **Annexure – A**.

The Board would also like to inform the Members, that it has adopted a Code of Conduct for its Directors, Key Managerial Personnel and Senior Employees.

12. DEMATERIALISATION OF EQUITY SHARES

Your company is listed with CDSL & NSDL for dematerialization and Company's ISIN Number is INE961D01019. The company has already appointed M/s Alankit Assignments Ltd. as its agent for demat the equity shares as well as for the physical transfer of equity shares of the company.

13. HUMAN RESOURCES DEVELOPMENT

The company continues to enjoy cordial and warm relations with the employees and executives at all levels. Special training programme, workshop, seminar etc. were continued during the year with a focus towards

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infusion of technical skills and quality consciousness in order to improve productivity, efficiency and quality and latest technology.

14. INDUSTRIAL RELATIONS

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

15. ECOLOGY & SAFETY CERTIFICATE

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

16. DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under Sec 217 (2AA) of the Companies Act 1956 it is hereby confirmed that

- (a) in the preparation of annual accounts for the financial year ended 31st March 2014 the applicable accounting standards have been followed along with proper explanations relating to material departures
- (b) the directors have selected appropriate accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2014 and of the profit of the company for the said period
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities, and
- (d) The directors have prepared the accounts for financial year ended 31st March, 2014 on a going concern basis.

17. CONSERVATION OF ENERGY

Your company does not fall under the list of industries which are required to furnish information in respect of conservation of energy still the company has taken due measures to control the wastages of energy and lights power.

18. RESEARCH AND DEVELOPMENT

- (a) **Specific area on which R&D is carried out by the company:** The Company carried out R&D for the purpose of new product development. Import substitution as well as for development and evaluation of alternate processes and raw materials.
- (b) **Benefit derived as a result of the above R&D:** R&D provides valuable support to the business through innovation of new products and processes, many of which have been transferred to the plant, R&D results in improvement of quality and reduction in cost.

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

19. TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

We are continuously adapting new technology relating to manufacturing of oil drilling equipments and tools attending seminars, conferences and interactions with foreign suppliers and collaborators. This helps us in absorbing, adapting and innovating new technology.

20. ACKNOWLEDGEMENT

Your directors wish to place on record their appreciation for the continued support of the customers, financial institutions and suppliers. Your directors also wish to record the appreciation for the valuable contribution made by employees at all levels and the continued support of your collaborators. On behalf of the Board of Directors, I would like to convey to our Hon'ble members that over the years your deep and abiding trust and invaluable support has enabled us to continuously improve our performance despite of extremely challenging time in the recent past where in sourcing Raw materials /components at competitive prices have become an arduous task and further hope they will continue to give their support in full spirit in the year to come.

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

By Order of the Board of Directors

sd/-

Dated: **07.10.2014**

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

R / O: B-542, New Friends colony
New Delhi-110065

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**Annexure - A****MANAGEMENT DISCUSSION & ANALYSIS REPORT****INDUSTRY STRUCTURE & DEVELOPMENT**

The company is already supplying and manufacturing various kinds of oil drilling tools, equipments and accessories to Oil & Natural Gas Corporation Ltd. and Oil India Ltd. The Board of Directors are very much confident about the success of the existing as well as new projects. The company has developed a new product casing pipe with connector for the upcoming project at Kandala SEZ Gandhidham, Gujarat.

OPPORTUNITIES & THREATS

As oil market is totally in a swing mood creating vast opportunity for the industry as a whole, the company has taken various steps to capture larger share in the market. The management is optimistic as to the future outlook of the company in the medium to long term prospective.

RISKS & CONCERNS

The company has taken adequate preventive and precautionary measures to overcome all negative factors responsible for low trend to ensure steady growth. Your company runs certain risks as it fails to comply with

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certain provisions of law of land i.e Companies Act and Listing Agreement. The Board is concerned over the state of affairs and shall take suitable steps, yet the regulatory risk involved cannot be ruled out.

INTERNAL CONTROL SYSTEM & ITS ADEQUACY

As per of its major thrust to implement corporate governance in the organization, the company has already constituted Committee like Audit Committee, Investors' Grievance Committee and Remuneration Committee. The company hopes that with more transparency, the company will be enhanced to maintain a fair growth during the next fiscal year. Internal control systems have been tightened with Internal Audit Committee, besides holding regular meeting with Departmental Heads to monitor progress or problems and sorting out them.

DISCUSSION ON FINANCIAL PERFORMANCE

As already detailed in the financial highlights the revenue generation of the company was higher as compared to earlier year, because of the various good factors and progress of the company.

HUMAN RESOURCE

Human resource in UDT continues to be core strength and always endeavors to work towards having sound, proactive & progressive HR strategies and practices in place so as to align Company's objectives and employee aspirations. The function continues to strive towards ensuring that the HR philosophy is translated into action.

FINANCE AND CONTROL

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

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY

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

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

BOARD OF DIRECTORS

The Board of Directors (the Board), an apex body formed by the shareholders, serve and protect the overall interests of stakeholders; provides and evaluates the strategic directions of the Company; formulates and reviews management policies and ensure their effectiveness. As of 31st March 2014, the Chairman and Managing Director managed the business of the Company under the overall supervision and guidance of the Board.

The Board represents an optimum mix of professionalism, knowledge and experience. As on 31st March 2014, the total strength of the Board is 6 directors with an Executive Chairman. No directors are a member of more than ten committees or chairman of the more than five committee across in all companies in which they are directors.

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

BOARD MEETINGS

During the financial year under review **05** (Five) Board meetings were held and the gap between two board meetings did not exceed 120 days. The dates on which the Board meetings were held are as follows:

27.04.2013, 14.08.2013, 25.09.2013, 09.11.2013, 08.02.2014

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 2013-2014 Attendance at | | No. of Directorship in other companies* | | No. of Committee position held in public companies including UDT | |
|-------------------|-----------|--|----------|---|--------|--|--------|
| | | B.M | Last AGM | Chairman | Member | Chairman | Member |
| Mr. P.K. Gupta | Executive | 05 | Yes | Nil | Nil | Nil | Nil |

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| | | | | | | | |
|------------------|-----------------------------|----|-----|-----|-----|-----|-----|
| Mr.S.S.K. Bhagat | Independent & Non Executive | 05 | Yes | Nil | Nil | Nil | 1 |
| Mr. V.B. Mishra | Independent & Non Executive | 05 | Yes | Nil | Nil | 1 | 2 |
| Mr.K.D. Aggarwal | Independent & Non Executive | 05 | Yes | Nil | Nil | 2 | Nil |
| Mr.U.S.Pandey | Non Executive | 05 | Yes | Nil | Nil | Nil | 2 |
| Mr. C.P Sharma | Executive Director | 05 | Yes | Nil | NIL | NIL | Nil |

Notes:

1. The Directorship/Committee Membership is based on the latest disclosures received from Directors.
2. None of the Directors is a Member of the Board of more than 15 companies in terms of Section 275 of the Companies Act, 1956; Member of more than 10 Committees and Chairman of more than 5 Committees, across all companies in which he is a Director.

RESUME OF DIRECTORS PROPOSED TO BE RE-APPOINTED

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

COMMITTEES OF THE BOARD**(i) Audit Committee****Composition**

The Audit Committee of the Board is headed by Mr. K.D.Aggarwal, an Independent Non-executive Director. Mr. K.D.Aggarwal has vast, diverse and enriched experience in financial management, corporate affairs, accounting and audit matters. The other members of the Committee are Mr. V.B Mishra, Non Executive Independent Director and Mr. S.S.K Bhagat Independent Non- Executive Director and U.S pandey. All the members have requisite financial, accounting and management experience. The composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement.

Meetings and Attendance

During the year 2013-14, the members of the Audit Committee met Four times i.e. 17.04.2013, 12.08.2013, 05.11.2013, and 05.02.2014. The table below gives the attendance record of the audit committee meeting.

Members No of Meetings held No. of Meetings Attended

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| Members | Number of Meeting Held | Number of Meeting Attended |
|------------------|-------------------------------|-----------------------------------|
| Mr. K.D.Aggarwal | 04 | 04 |
| Mr. V.B. Mishra | 04 | 04 |
| Mr. S.S.K Bhagat | 04 | 04 |
| Mr. U. S. Pandey | 04 | 04 |

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

(ii) Remuneration Committee**Composition**

The Remuneration Committee comprises of three Directors- As on 31st March 2014 Mr. K.D.Aggarwal Independent Non Executive Director, is the Chairman of the Committee the other members of the Committee are Mr.V.B Mishra and Mr Uma Shankar Pandey

Meetings and Attendance

During the year 2013-14, No meeting of Remuneration Committee was held.

Remuneration Policy

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

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

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

(iii) Stakeholders grievance redressal Committee

As per requirement of clause-49 of listing agreement under the chairmanship of Mr. V.B. Mishra, an independent of the company, the Board of the company has been constituted such committee for redressal of stakeholder grievances and to approval duplicate issue of shares to the shareholder of the company. Mr. U.S Pandey , director of the company, is the member of this committee and Mr.P.K. Ojha , company secretary of the company is a secretary of this committee.

During the financial year 2013-14, there was no any meeting held by this committee.

Directors' Remuneration

UNITED DRILLING TOOLS LIMITED

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**(A) Remuneration to Executive Director**

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission (variable component) to its Executive Directors given below based on the recommendations of the Remuneration Committee as per remuneration policy of the Company, within the ceilings fixed by the shareholders.

| Name of Director | Designation | Annual Salary (including all perquisite and benefits) |
|---------------------------|--------------------------|---|
| Pramod Kumar Gupta | Managing Director | 24,00,000 |

(B) Remuneration to Non- executive and independent Director

The company pays Rs. 10,000/- (Ten Thousand) sitting fee to all the non-executive Directors for attending meeting of the Board and/or Audit Committee.

During the financial year, there was no pecuniary relationship or transaction between the Company and its non-executive Directors. The Company has not granted any stock options to any of its non executive Directors.

(a) Equity Shares held by Directors as on 31st March 2014

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

| Name of the Director | No. Of shares |
|-------------------------------|----------------|
| Mr. Pramod Kuamr Gupta | 3823567 |

(iii) Share Transfer Committee

The company has appointed RTA for transfer of shares either in demate form or physical form hence our company has no need for appointment of Share Transfer committee.

Code of Conduct

The Code of Conduct (the Code) as adopted by the Board is a comprehensive Code to ensure good governance and to provide for ethical standards of conduct on matters including conflict of interest, acceptance of positions of responsibility, treatment of business opportunities and the like. The Code is applicable to all the Directors and Senior Management Personnel of the Company including its subsidiaries. An Annual affirmation has been obtained from all members of the Board and Senior Management Personnel as on 31st March, 2014. In terms of Clause 49 of the Listing Agreement a duly accepted code of conduct is uploaded on the website of company i.e www.udtlt.com.

ANNUAL GENERAL MEETINGS

UNITED DRILLING TOOLS LIMITED

CIN: L29199DL1985PLC015796

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

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

| YEAR | LOCATION | DAY, DATE & TIME | SPECIAL RESOLUTION |
|-----------|---|--|--------------------|
| 2010-2011 | Maharanibagh Community Centre 1Central Revenue, Maharanibagh New Delhi-110065 | Wednesday the 28 th September 2011 at 2.30 PM | Yes |
| 2011-2012 | Maharanibagh Community Centre 1Central Revenue, Maharanibagh New Delhi-110065 | Wednesday the 26 th September 2012 at 11.30 A.M | Yes |
| 2012-2013 | Maharanibagh Community Centre 1Central Revenue, Maharanibagh New Delhi-110065 | Wednesday the 25 th September 2013 at 11.30 A.M | Yes |

Disclosures**a) Compliances**

The Company has complied with applicable rules and regulations prescribed by Stock Exchanges, SEBI or any other statutory authority relating to the capital markets. All returns/Reports were filed with Stock Exchanges/ other authorities.

Means of Communication

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

Designated E-mail id

To enable the shareholders to register their queries and / or grievances, the company has dedicated an E-mail id compsect@udt ltd.com. All Investors are requested to avail this facility.

GENERAL SHAREHOLDERS INFORMATION

UNITED DRILLING TOOLS LIMITED

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a) Annual General Meeting

Date : 11th November 2014

Time : 11.00 A.M

Venue : Maharani Bagh Community Centre
1 Central Avenue Maharani Bagh New Delhi-110065

b) Book Closure dates

From 07th November 2014 to 11th November 2014 (Both Days Inclusive).

c) Share Transfer Mechanism

The share transfers received in physical form are processed through Registrar and Share Transfer Agent (RTA), within seven days from the date of receipt, subject to the documents being valid and complete in all respects. The share certificates duly endorsed are returned immediately to the shareholders by RTA. The details of transfers/transmission so approved, is placed before the Share Transfer Committee for its confirmation. Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, Certificate on half – yearly basis confirming due compliance of share transfer formalities by the Company, certificates for timely dematerialization of the shares as per SEBI (Depositories and Participants) Regulations, 1996 and a Secretarial Audit Report for reconciliation of the share capital of the Company obtained from a practicing Company Secretary have been submitted to The Bombay stock exchange within stipulated time.

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PROXY FORM

Form No. MGT-11

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

Name of the member(s) :

Registered address :

E-mail id :

Folio no./Client Id :

DP Id :

I/We, being the member (s) of shares of United Drilling Tools Limited, hereby appoint:

UNITED DRILLING TOOLS LIMITED

CIN: L29199DL1985PLC015796

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



Name:

Address:

.....

E-mail Id:

Signature:

or failing him as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32nd Annual general meeting of the company, to be held on Tuesday, the 11th day of November, 2014 at 11.00 A.M. at Maharani Bagh Community Centre 1 Central Avenue, Maharani Bagh New Delhi-110065 and at any adjournment thereof in respect of such resolutions as are indicated below:

Signed this..... day of..... 20.....

Signature of shareholder

Signature of Proxy holder(s)

Notes:

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- (2) A Proxy need not be a member of the Company.
- (3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- (4) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- (5) In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.



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ATTENDANCE SLIP

Member(s) or his/her/their proxy(ies) are requested to present this slip at the venue of the meeting for admission, duly signed in accordance with his/her/their specimen signature(s) registered with the Company.

| | | Name and Address | No. of Shares held |
|----------------|--|------------------|--------------------|
| DP Id No.* | | | |
| Client Id No.* | | | |
| Regd. Folio | | | |

*Applicable to members holding shares in electronic form

I hereby record my presence at the 32nd ANNUAL GENERAL MEETING of **United Drilling Tools Limited** to be held on 11th day of November, 2014 at Maharani Bagh Community Centre 1 Central Avenue, Maharani Bagh New Delhi-110065

Please (✓) in the box.

Member

Proxy

.....
Name of the Proxy in Block Letters

.....
Member's Signature

.....
Proxy's Signature