

Report of Audit Committee of United Drilling Tools Ltd recommending the draft Scheme of Amalgamation of Macro Steel Engineers Pvt Ltd with United Drilling Tools Ltd

This Report of the Audit Committee is issued in terms of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013. The requirements of the said circular, inter alia, make it mandatory for the Audit Committee of the Transferee Company to recommend the draft Scheme of Amalgamation between the Transferor and the Transferee Company.

A meeting of the Audit Committee of United Drilling Tools Ltd was held on 15th March, 2013, to consider and recommend the proposed amalgamation of Macro Steel Engineers Pvt Ltd (the Transferor Company) with United Drilling Tools Ltd (the Transferee Company), the Report on Valuation of Shares and Share Exchange Ratio for the aforesaid amalgamation and other connected matters.

The following documents were placed in the Audit Committee meeting:

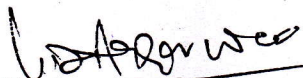
1. Report on Valuation of Shares and Share Exchange Ratio dated 12th March, 2013 of M/s Agrawal Dhruv & Co., Chartered Accountants.
2. Pre and Post Amalgamation Shareholding Pattern of United Drilling Tools Ltd.
3. Statement on Rationale/Justification of the proposed Amalgamation.
4. Draft Scheme of Amalgamation of Macro Steel Engineers Pvt Ltd with United Drilling Tools Ltd.

The Committee has reviewed the aforesaid documents and after appraisal of the methodology and basis followed by the said Chartered Accountants and going through the workings in detail, the Committee was satisfied with the Share Valuation Report and finds the suggested swap ratio of 2 (two) Equity Shares of Rs. 10 each of the Transferee Company for every 9 (nine) Equity Share of Rs. 10 each, held in the Transferor Company, to be fair and reasonable. The Committee also noted that there is no adverse effect to the public shareholders of the listed Transferee Company due to the proposed Scheme of Amalgamation.

The Committee also confirmed its concurrence with the rationale for proposed amalgamation of Macro Steel Engineers Pvt Ltd with United Drilling Tools Ltd.

The Audit Committee unanimously approved and recommended the Scheme of Amalgamation of Macro Steel Engineers Pvt Ltd with United Drilling Tools Ltd.

**By Order of the Audit Committee
For and on Behalf of United Drilling Tools Ltd**


**Krishan Diyal Aggrawal
Chairman
(Audit Committee)**

**Date: 15th March, 2013
Place: Noida**

