



TURNAROUND CORPORATE ADVISORS PRIVATE LIMITED

A SEBI Registered Category-I Merchant Banker

November 14, 2017

Ref: TCA/FO- Seamec/ Fairness Opinion/17-18

Board of Directors

Seamec Limited

A-901-905, 9th Floor,

Atrium, 215, Andheri Kurla Road,

Andheri East, Mumbai-400 093

Dear Sirs,

Subject: Fairness Opinion on Valuation Report & Share Exchange Ratio for the purpose of proposed demerger of EPC & Vessel Division of HAL Offshore Limited from HAL Offshore Limited and its consequent vesting into Seamec Limited, under a proposed Scheme of Demerger under Sections 230 to 232 of Companies Act, 2013.

1. Background:

We, M/s Turnaround Corporate Advisors Private Limited, a Category I Merchant Banker registered with SEBI, having registration no. MB/INM000012290 have been appointed by M/s Seamec Limited having its registered office at A-901-905, 9th Floor, Atrium, 215, Andheri Kurla Road, Andheri East, Mumbai-400 093 ("Seamec" or "Resulting Company") to provide a fairness opinion on the valuation of shares & share exchange ratio recommended by M/s Khandelia & Sharma, Chartered Accountants ("hereinafter referred to as "Valuer"), who were the appointed Valuer for the purpose of proposed demerger of EPC & Vessel Division of HAL Offshore Limited ("Demerged Undertaking") from HAL Offshore Limited ("Demerged Company" or "HAL") and its consequent vesting into Seamec under a proposed Scheme of Demerger under Sections 230 to 232 of Companies Act, 2013 ("hereinafter referred to as the "Proposed Demerger").

2. Brief Background about the Companies:

A. Seamec Limited ("Seamec" or "Resulting Company") is an existing Company incorporated on December 29, 1986 under the provisions of the Companies Act, 1956. The registered office of Seamec is situated at A-901-905, 9th Floor, Atrium, 215, Andheri Kurla Road, Andheri East, Mumbai-400 093. Seamec is one of the

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CIN: U74140DL2015PTC278474 SEBI Registration No.: MB/INM000012290

Corporate & Registered Office: 714, Vishwadeep Building, Plot No. 4, District Centre, Janakpuri, New Delhi-110058

Tel: +91-11-45510390 Email: info@tcagroup.in Website: www.tcagroup.in



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largest provider of Diving Support Vessel in the Asia Pacific region having a fleet of 04 no's DSV, One Support Vessel and One Handy mix Bulk Carrier.

The Equity Shares of Seamec are listed at BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE").

- B. HAL Offshore Limited (hereinafter referred to as "HAL" or "Demerged Company") is an existing company incorporated on December 17, 1996 under the provisions of the Companies Act, 1956. The registered office of HAL is situated at 25, Bazar Lane, Bengali Market, New Delhi-110 001.

HAL is a leading 'End to End' solution provider of underwater services and EPC services to the Indian Oil and Gas Industry. HAL is also engaged in Charter Hire of Diving Support Vessels to The Mumbai high area undertaking diving, fire-fighting, material support, accommodation, crane, helipad and other ancillary activities. Besides this, HAL has also made investments in real estate, shares and other securities. Therefore, HAL has two distinct businesses, viz., EPC & Vessel Division and Investment Division. Under the proposed scheme of Demerger, EPC & Vessel Division of HAL will be demerged from HAL and vested into the Seamec.

HAL is the Promoter Company of Seamec. As on the date of this Report, HAL is holding 1,76,87,475 Equity Shares of Seamec equivalent to 69.57% of Equity Share Capital of Seamec.

The term "Companies" wherever used hereinafter in this report shall collectively refer to Seamec and HAL.

3. About Turnaround Corporate Advisors Private Limited:

Turnaround Corporate Advisors Private Limited (hereinafter referred to as "Turnaround" or "TCA" or "we" or "us") is a Private Limited Company incorporated under the provisions of the Companies Act, 2013 with the Registrar of Companies, NCT of Delhi and Haryana. TCA is a Category I Merchant Banker registered with the Securities and Exchange Board of India (SEBI) with Registration No.: MB/INM000012290.

4. Scope and Purpose of the Opinion

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This Fairness Opinion is being issued in terms of the requirement of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017. The purpose of the opinion is to safeguard the interest of the shareholders of Seamec and HAL and this opinion shall be made available to the Boards of Directors and Shareholders of Seamec at the time of their respective meetings to pass the necessary resolutions for the approving and adopting the proposed scheme of demerger and, to the extent mandatorily required under applicable laws of India, may be produced before judicial, regulatory or governmental authorities, in connection with the proposed demerger.

This opinion is restricted to meet the above mentioned purpose only and may not be used for any other purpose whatsoever or to meet the requirement of any other laws, rules, regulations and statutes.

5. Sources of the Information

We have received the following information from the management of Seamec for the purpose of our opinion:

- Draft of Proposed Scheme of Demerger under Sections 230 to 232 of Companies Act, 2013 between Seamec and HAL and their respective Shareholders and Creditors.
- Report on valuation of shares & share exchange ratio by M/s Khandelia & Sharma, Chartered Accountants, dated November 14, 2017.

In addition to the above, we have also obtained explanations and other information as considered necessary by us for our exercise from the management of Seamec.

6. Fairness Opinion

We have reviewed the methodologies used by the Valuer in arriving at the valuation of Shares of Seamec and HAL and for providing their recommendation on the Share Exchange Ratio for the purpose of proposed demerger of HAL into Seamec and also reviewed the underlying assumptions adopted to arrive at such valuation.





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Under the proposed scheme of Demerger, as a consideration of Demerger of EPC & Vessel Division and its consequent vesting into Seamec, Seamec shall issue Shares to the Shareholders of HAL. Seamec is a listed company and its promoter group holds 69.57% of its Equity Share Capital. Since, being a listed company, Promoter Group holdings of Seamec cannot go beyond the limit of 75% of post demerger equity share capital of Seamec, management of Seamec and HAL has proposed to settle the consideration payable under the proposed scheme to the Equity Shareholders of HAL as per the following:

- a. Seamec may issue Equity Shares to the to the Shareholders of HAL so that Promoter Group holdings of Seamec does not exceed the limit of 75% of its post demerger equity share capital;
- b. For balance consideration, Seamec shall issue Compulsorily Redeemable Preference Shares ("RPS") to the Shareholders of HAL.

As per information provided by the management, the major terms & conditions of RPS proposed to be issued by Seamec to the Shareholders of HAL are as follows:

Name of the Instrument	Compulsorily Redeemable Preference Share
Face Value (Rs.)	10.00
Coupon Rate	6.00% per annum
Convertible/Non- Convertible	Non-Convertible
Cumulative/ Non-Cumulative	Non-Cumulative
Tenure	Maximum 20 years with put and call option
Redemption Value (Rs.)	Rs. 161.00 each

As stated in the valuation report, Valuer has recommended the following share exchange ratio for the proposed demerger of EPC & Vessel Division and its consequent vesting into Seamec:

- ✓ 10 (Ten) Equity Shares of face value Rs. 10 each of Seamec credited as fully paid up to the Equity Shareholders of HAL for every 30 (Thirty) Equity Shares of face value of Rs. 10/- each held in HAL.

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New Delhi

- ✓ 99 (Compulsorily Redeemable Preference Shares ("RPS")) of face value Rs. 10 each of Seamec credited as fully paid up to the Equity Shareholders of HAL for every 30 (Thirty) Equity Shares of face value of Rs. 10/- each held in HAL.

Based on the information and data made available to us including the Valuation Report and the proposed scheme of demerger and subject to disclaimers as mentioned in this report, we are of the opinion that, the Share exchange ratio, as suggested by M/s Khandelia & Sharma, Chartered Accountants, is fair and reasonable.

7. Disclaimer:

Our scope of work did not include the following:-

- An audit of the financial statements of Seamec and HAL.
- Carrying out a market survey / financial feasibility for the Business of Seamec and HAL.
- Financial and Legal due diligence of Seamec and HAL.

It may be noted that in carrying out our work we have relied on the integrity of the information provided to us for the purpose, and other than reviewing the consistency of such information, we have not sought to carry out an independent verification, thereof.

We assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by the management of Seamec.

We have not carried out any independent verification of the accuracy and completeness of all information as stated above. We have not reviewed any other documents other than those stated above.

We do not assume any obligation to update, revise or reaffirm this Valuation Report because of events or transactions occurring subsequent to the date of this report.

We understand that the management of Seamec during our discussions with them would have drawn our attention to all such information and matters, which may have impact on our opinion. In this opinion we have included all such information and matters as was received by us from the management of Seamec.



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The fee for our services is not contingent upon the result of the proposed demerger.

The management of Seamec and HAL or their related parties are prohibited from using this opinion other than for its sole limited purpose and not to make a copy of this opinion available to any party other than those required by statute for carrying out the limited purpose of this opinion. This opinion is not meant for meeting any other regulatory or disclosure requirements, save and except as specified in this opinion, under any Indian or Foreign Law, Statute, Act, Guidelines or similar instructions. We would not be responsible for any litigation or other actual or threatened claims.

In no event, will TCA, its Directors and employees be liable to any party for any indirect, incidental, consequential, special or exemplary damages (even if such party has been advised of the possibility of such damages) arising from any provision of this opinion.

Thanking You

For Turnaround Corporate Advisors Private Limited

(HEEMADRI MUKERJIA)

Managing Director