Annexure - I

VALUATION REPORT FOR RECOMMENDATION
OF
"SHARE SWAP RATIO"
FOR DEMERGER
OF
MARINE, EPC AND OTHER ANCILLARY BUSINESS OF
HAL OFFSHORE LIMITED

("Demerged Company")

INTO
SEAMEC LIMITED

("Resulting Company")

.....

UNDER SECTION 230 - 232 OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016

RITU SARIN
C.A., B.Com (H)
Chartered Accountant
IBBI Registered Valuer

To,
The Audit Committee/ Board of Directors
HAL Offshore Limited
25, Bazar Lane, Bengali Market,
New Delhi - 110001

The Audit Committee/ Board of Directors
Seamec Limited
A-901-905, 9th Floor, 215 Atrium,
Andheri - Kurla Road, Andheri (East),
Mumbai - 400093

Dear Sir,

Sub: Recommendation of Share Swap Ratio for the proposed Demerger of Marine, EPC and other ancillary business of HAL Offshore Limited into Seamec Limited

We refer to our engagement letter dated 14 February, 2022 for recommendation of Share Swap Ratio for proposed demerger of Marine, EPC and other ancillary business of HAL Offshore Limited ("Demerged Company"/ HAL") into Seamec Limited ("Resulting Company / Seamec") (together known as "Companies") pursuant to a Scheme of Arrangement under the provisions of Section 230-232 of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

In accordance with the terms of the engagement, we are enclosing our Valuation Report along with this letter. In attached report, we have summarized the recommendation of Share Swap Ratio as on 28th March 2022 together with the description of methodologies used and limitation on our Scope of Work.

This Valuation Report is confidential and has been prepared exclusively for the Management of the Companies for aforesaid purpose only. It should not be used, reproduced or circulated to any other person, in whole or in part, without our prior consent. We are however aware that this valuation report and its conclusion may be used for the purpose of Board and shareholders approvals and for certain statutory disclosures with the Stock Exchanges, NCLT and other statutory authorities in connection with the proposed scheme of arrangement and we provide our consent for the same.

Yours Faithfully,
For Ritu Sarin

Registered Valuer (IBBI)
IBBI Registration No. IBBI/RV/05/2020/13063
UDIN: 22408680AFSQQO8097 **Date: 28 March 2022**

OFFICE: 1703A, 17TH FLOOR, LOGIX OFFICE TOWER, SECTOR -32, NOIDA

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SECTION I

PURPOSE, SCOPE & LIMITATIONS

a. PURPOSE OF VALUATION AND APPOINTING AUTHORITY

Based on the discussions held with the Management, we understand that it is proposed to demerge the Marine, EPC and other ancillary business of HAL Offshore Ltd ("Demerged Company" / "HAL") into Seamec Limited ("Resulting Company" / "Seamec") through a Scheme of arrangement under the provisions of Section 230-232 of the Companies Act, 2013.

In consideration for the proposed demerger of the Marine, EPC and other ancillary business of HAL Offshore Limited into Seamec Limited, Equity Shares and Optionally Convertible Preference Shares ("OCPS") of Seamec Limited would be issued to the shareholders of HAL Offshore Limited.

Accordingly, Valuation is required from a Registered Valuer for recommendation of Share Swap ratio to meet the regulatory guidelines / circulars of SEBI and Companies Act, 2013.

b. IDENTITY OF CLIENT AND OTHER INTENDED USERS

HAL Offshore Limited
25, Bazar Lane, Bengali Market,
New Delhi- 110001

Seamec Limited
A-901-905, 9th Floor, 215 Atrium,
Andheri – Kurla Road, Andheri (East),
Mumbai – 400093, India

c. IDENTITY OF VALUER

CA. Ritu Sarin

Registered Valuer (IBBI)

IBBI Valuer Registration No. IBBI/RV/05/2020/13063

d. BACKGROUND INFORMATION

HAL Offshore Limited ("Demerged Company" / HAL)

HAL Offshore Ltd [Corporate Identification No. (CIN): U24298DL1996PLC375526] was originally incorporated under the provisions of the Companies Act, 1956, as a public limited company with the name 'Himachal Alkalies Ltd'. Name of the Company was later changed to its present name- 'HAL Offshore Ltd'. Presently, the Demerged Company is in the process of shifting its Registered Office from the NCT of Delhi to the State of Maharashtra with the approval of the Hon'ble Regional Director, Northern Region, MCA. The equity shares of the Demerged Company are unlisted and closely held by its Promoters.

Seamec Limited ("Resulting Company"/ "Seamec")

Seamec Limited [(CIN): L63032MH1986PLC154910] is a public company, which was incorporated on December 29, 1986, under the provisions of the Companies Act, 1956, under the name 'Peerless Leasing Private Ltd'. The company has undergone change of name on various occasions, the registered office of the Company is currently situated at A-901-905, 9th Floor, 215 Atrium, Andheri – Kurla Road, Andheri (East), Mumbai – 400093, in the State of Maharashtra. The equity shares of the Resulting Company are listed and traded on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

The Management has decided to demerge the "Marine, EPC and other ancillary business" of the Demerged Company into the Resulting Company.

Both the Companies are under common management and control. The present Scheme of Arrangement will not result any change in management and control of any of these Companies.

Appointed Date for the purpose of Scheme of Arrangement means commencement of business on 1 April 2023, or such other date as the Hon'ble National Company Law Tribunal or any other competent authority may approve.

e. RATIONALE OF THE SCHEME

- The Resulting Company is a subsidiary of the Demerged Company. The proposed demerger of Marine, EPC and other ancillary business of HAL Offshore Ltd into Seamec Limited would result in business synergy, consolidation of entire marine and vessel charter business of both the Companies into the Listed Resulting Company, pooling of the resources of these Companies and would enable the Resulting Company to diversify into EPC Business.

- The Demerged Company is engaged in the business of charter hire of diving and utility vessels operating in Offshore oilfield along with Offshore and Onshore turnkey projects as EPC Contractor whereas Resulting Company is primarily engaged in chartering, operation of diving support, utility vessels and barge operating in offshore oilfield. The Management has decided to consolidate the vessel charter and other related business of both these Companies into the Resulting Company. In addition, EPC and other ancillary business of the Demerged Company will also be vested into Resulting Company.

- The proposed demerger will enable listed Resulting Company to attain healthy economic state encompassed with higher turnovers and better margins. The Scheme will enable the Resulting Company to build up portfolio of several related business activities/services having better growth opportunities. It will also act as a hedging strategy against the business uncertainties with diversified portfolio of services.

- It will impart better management focus, will facilitate administrative convenience and will ensure optimum utilization of manpower and various other resources by these Companies.

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- The proposed demerger will provide scope for independent expansion of various businesses. It will strengthen, consolidate and stabilize the business of these Companies and will facilitate further expansion and growth of their business.

SCOPE OF WORK

- **Date of Appointment- 14 February 2022**
- **Valuation Date- 28 March 2022**
- **Date of Report- 28 March 2022**
- **Base of value- Relative value**
- **Valuation Currency- INR**

f. PROCEDURES ADOPTED AND VALUATION STANDARDS FOLLOWED

The scope of this report is to conduct a relative (and not absolute) valuation exercise as at the Valuation Date to determine the equity value of companies and then arrive at relative share swap ratio using internationally accepted valuation methodologies and report on the same in accordance with generally accepted professional standards including ICAI valuation standards, 2018 notified by the Institute of Chartered Accountants of India (ICAI) and requirements prescribed by the regulations applicable to listed companies as prescribed by the Securities Exchange board of India ("SEBI") and Companies Act, 2013.

g. NATURE AND SOURCES OF INFORMATION USED OR RELIED UPON

- To arrive at share swap ratio under the said Scheme of Arrangement; we have relied upon:
    - Audited financial statements of Seamec for the year ended 31st March 2021 and Unaudited limited reviewed financial statements for the 9-month period ended 31st December 2021.
    - We have relied upon the Total Traded Quantity and Turnover data from the National Stock Exchange ("NSE") for computing the 90 trading days volume weighted average price (VWAP) and 10 trading days volume weighted average price (VWAP) preceding the relevant date for Seamec
    - Audited financial statements of HAL for the year ended 31st March 2021 and its Standalone Audited Balance Sheet as on 31st December 2021 (with Proforma Division wise split of Demerged Business and Remaining Business)
    - Management certified Standalone Profitability estimates of HAL for FY 2021-22 (with Proforma split of Marine and EPC businesses)
    - Draft Scheme of Arrangement
    - Credit Rating reports of the companies
    - Shareholding pattern of demerged and Resulting company
    - Management Representation Letter

- SEBI Master Circular on Scheme of Arrangement (SEBI/HO/CFD/DIL1/CIR/P/2021/00000006 dated 23rd November, 2021)
- SEBI Preferential Allotment guidelines as per ICDR Regulations, 2018
- Capitaline Database
- Public documents available on external sources such as stock exchanges
- Other Information and documents for the purpose of this engagement

h. EXTENT OF INVESTIGATION UNDERTAKEN

We have taken due care in performing valuation procedures and have also applied appropriate discount rates considering the nature and size of the business of divisions / companies and marketability of their equity shares. However, we would like to expressly state that though we have reviewed the financial data for the limited purpose of valuation assessment but we have not performed an Audit/Due Diligence and have relied upon the historical financial statements and division wise and segment wise financials of the Demerged Business as prepared and submitted to us by the management of the companies. The management has represented to us that it has been taken due care in preparation of such financial statements and division wise and segment wise estimates.

For Resulting company, as it is a listed company with frequently traded equity shares, reliance has been given to the volume weighted average price (VWAP) methodology as prescribed by SEBI for Preferential Allotment of Equity shares.

i. LIMITATION OF REPORT

The Valuation exercise was carried out under the following limitations:

- This report is subject to limitations detailed in respective engagement letters. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.
- Provision of valuation of opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, due diligence, consulting or tax related services that may otherwise be provided by us or and affiliates.
- The recommendation contained herein is not intended to represent value at any time other than valuation date. We have no obligation to update this report.
- Valuation analysis and results are specific to the purpose of valuation and as per agreed terms of the respective engagements. It may not be valid for any other purpose or as of any other date. Also it may not be valid if done on behalf of any other entity.
- A Valuation of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on and

the information made available to us as of the date hereof. The report is issued on the understanding that the management has drawn out attention to all the matters, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on our opinion on the share swap ratio for the proposed arrangement. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

- The COVID-19 ("Covid") and other force majure events like the events of war represent potentially significant impact upon larger economic activity and certain businesses. At the Valuation Date, the Covid crisis and certain events of war are still ongoing and its future impact was not capable of being qualitatively or quantitatively assessed on Valuation Subjects at this time.
- We have not carried out any physical verification of the assets and liabilities of the Valuation Subjects and take no responsibility for the identification of such assets and liabilities
- The valuation analysis and results are governed by concept of materiality.
- Our Valuation & Analysis and the conclusions drawn there from are further based on a number of factors which are largely dependent upon the prevailing business and Industry conditions as on the Valuation date and explanations provided by the Management. We presume that the Management of the Companies have taken reasonable care to ensure that all relevant information which could have an impact over the Valuation has been duly disclosed & made available to us.
- The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted herein, which might be relevant in the context of the transaction and which a wider scope might uncover.
- The valuation of the companies is based on various assumptions made by the companies and their management relating to the operation of their business and representation made by them. Any change in these assumptions could have an impact on their valuation.
- The draft of the present report was circulated to the Management (excluding the recommended fair equity share swap ratio) for confirming the facts stated in the report and to confirm that the information or facts stated are not erroneous.
- The decision to carry out the Proposed Arrangement (including consideration thereof) lies entirely with the management and shareholders and our work and our finding shall not constitute a recommendation as to whether or not the parties should carry out the Proposed Arrangement.

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SECTION II

COMPANIES ASSESSMENT

1. HAL Offshore Limited ("Demerged Company"/"HAL")

HAL Offshore Ltd [Corporate Identification No. (CIN): U24298DL1996PLC375526] was originally incorporated under the provisions of the Companies Act, 1956, as a public limited company with the name 'Himachal Alkalies Ltd'. Name of the Company was later changed to its present name-'HAL Offshore Ltd'. Presently, the Demerged Company is in the process of shifting its Registered Office from the NCT of Delhi to the State of Maharashtra with the approval of the Hon'ble Regional Director, Northern Region, MCA. The equity shares of the Company are unlisted and closely held by its Promoters.

HAL is a leading 'End to End' Solution Provider of Underwater Services and EPC Services to the Indian Oil and Gas Industry. The Company is also engaged in Charter Hire of Diving Support Vessels (DSV) to the Mumbai High area undertaking diving, firefighting, material support, accommodation, crane, helipad, operation and maintenance of ONGC Vessels, painting of offshore platforms and other ancillary activities. Over the years, HAL Offshore has developed a diversified portfolio for undertaking turnkey projects involving sub-sea and marine services. Further, the Company is also a leading Indian EPC (Engineering, Procurement and Construction) Company, primarily serving the Oil and Gas Sector. For over a decade, HAL Offshore has executed Greenfield and Brownfield Projects for ONGC Ltd and Oil India Ltd. The projects are executed on LSTK (lumpsum turnkey) basis involving design, engineering, procurement, fabrication, transportation, hook-up, testing, certification/inspection, pre-commissioning, start-up, commissioning and long-term operation & maintenance of executed projects. Projects executed include Gas Gathering Stations, Gas Compression Stations, Oil Processing Facilities, Alkaline Surfactant Polymer Injection Facilities, Effluent Treatment Plants, Water Injection Plants at various assets of ONGC Ltd and Oil India Ltd. The Demerged Company has also made investments in real estate, shares and other securities. Over the years, the Company has built up an impressive portfolio of securities investments. Hence, the Demerged Company has two distinct business verticals-Marine & EPC Business; and Investment Business.

The Present Issued, Subscribed and Paid-up Capital of HAL is ₹14,87,37,800 divided into 1,48,73,780 Equity Shares of ₹10 each and the entire equity shares belong to the Promoter Group.

Standalone Audited Balance Sheet (with Proforma Division wise split) of HAL Offshore Ltd. as on 31st December 2021:

Amount: INR Cr	**As on 31st December 2021**		
	Demerged Business	**Remaining Business**	**Total**
Fixed assets	26	6	32
Capital Work in Progress (CWIP) (1)	39		39
Financial assets			
Investments		506	506
Cash and bank balances	3	263	265
Borrowings	-101		-101
	-98	**769**	**671**
Net current assets			
Inventories	1		1
Trade receivables	204		204
Tax assets (Net)	1		1
Other current assets	70	80	150

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Trade payables	-152		-152
Provisions	-27		-27
	97	**80**	**177**
Deferred tax liabilities (Net)	-6		-6
Net assets	**58**	**854**	**913**
Share capital			15
Reserves & Surplus			898
Net equity			**913**

(1) CWIP includes P&M under installation/ under development/ under dry docking based Standalone Audited balance sheet of Demerged Business as on 31 December 2022.

(2) It is informed by the management that recently on 14 February, 2022 the Demerged business of HAL has subscribed to certain Secured Optionally Convertible Debentures (OCD) of Moon Beverages Limited (MBL).

Management Certified Standalone Profitability estimates of Demerged Business of HAL for FY 2021-22 (with Proforma split of Marine and EPC businesses) is as follows-

Amount: INR Cr	**Marine Business**	**EPC Business**
	FY22	**FY22**
Income from operations	496	336
Other income	0	0
Total Income	**496**	**336**
Operating expenses	317	231
Employee expenses	20	14
Other expenses	27	18
EBITDA	**132**	**73**
Finance costs	0	7
Depreciation expense	2	6
Profit before tax	**130**	**60**

Management Notes:

1) Profitability estimates have been re-classified for segmental results purposes to ensure alignment with classifications.
2) FY 2021-22 results are based on management estimates.

2. <u>Seamec Limited ("Resulting Company"/ "Seamec")</u>

Seamec Limited [(CIN): L63032MH1986PLC154910] is a public company, which was incorporated on December 29, 1986, under the provisions of the Companies Act, 1956, under the name 'Peerless Leasing Private Ltd'. The company has undergone change of name on various occasions, the registered office of the Company is currently situated at A-901-905, 9th Floor, 215 Atrium, Andheri – Kurla Road, Andheri (East), Mumbai – 400093, in the State of Maharashtra. The equity shares of the Company are listed and traded on National Stock Exchange of India Limited and BSE Limited.

SEAMEC is one of the largest providers of Diving Support Vessels in the Asia Pacific Region having a Fleet of Four Diving Support Vessels, One Barge and One Handy Max Bulk Carrier. The Company has unrivalled experience in the ongoing sub-sea inspection, repair, maintenance and light construction, required for the efficient and productive support of offshore oil production which are carried out by its diving support vessels in India and Overseas. Seamec, historically, has made its presence felt in Middle East, Southeast Asia, West Africa and Gulf of Mexico in the areas of execution

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of many underwater diving projects with Oil Companies and Contractors across the Globe. In India, Seamec has the reputation of prominent provider of diving support vessels. Seamec's Vessels are ISPS Certified and follow the best practices. They are equipped with pollution prevention equipments which are certified by Indian Certification Authorities. The Company owns one no. of Bulk Carrier while its subsidiaries in UAE owns three no. of Bulk Carriers. The above fleet are operated in worldwide trading. The Resulting Company has also set up a subsidiary for the purpose of undertaking EPC Construction and Turnkey Tunnel projects, a new line of business.

Shareholding pattern of Seamec as is as follows-

Category of Shareholder	Number of Equity Shares	% Holding
(A) Promoter & Promoter Group	1,83,17,101	72.04%
(B) Public	71,07,899	27.96%
Total	**2,54,25,000**	**100.00%**

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SECTION III

VALUATION ANALYSIS & WORKINGS

In case of valuation for M&A, the emphasis is on arriving the "relative values" of the shares of the business of the companies to facilitate recommendation of "Share Swap ratio".

The below table summarizes the approaches and methodologies of valuation with our comments.

Approach	Valuation Methodologies	Our Comments
Asset	Net Asset Value (NAV) Method	The Asset based method views the business as a set of assets and liabilities that are used as building blocks of a business value. The difference in the value of these assets and liabilities on a Book Value basis or Realizable Value basis or Replacement Cost basis is the business value. However, this methodology recognizes historical cost of net assets only without recognizing its present earnings, comparative financial performance of its peers and their enterprise values etc. Therefore, in general Net Asset Value only reflects the minimum proxy value of the company. In the instant case, the subject Companies are intended to be continued on a 'going concern basis', therefore, we have not applied the Asset approach for our Valuation Analysis.
Market	Comparable Companies Trading Multiples (CCM) Method	This methodology uses the valuation ratio of publicly traded listed companies and applies that ratio to the subject company being valued. The valuation ratio typically expresses the valuation as a function of a measure of financial performance or Book Value (e.g., Revenue, EBITDA, EBIT, Earnings per Share or Book Value). A key benefit of Comparable Companies Trading Multiples analysis is that this methodology is based on the current market price of peer companies which is generally viewed as one of the best valuation metrics as an observable input. In the case of HAL we have applied the CCM method of market approach to arrive at the fair value of the Demerged Business (Marine, EPC and other ancillary business) of the Demerged company.
	Market Price Method	Since Seamec is a public listed company on NSE and BSE and its equity shares are frequently traded, to arrive at its Equity Value per share, we have applied the pricing methodology prescribed under SEBI Preferential allotment guidelines as per Regulation 164 of SEBI ICDR Regulations, 2018.
Income	Discounted Free Cash Flow (DFCF) Method	The DFCF method expresses the present value of the business as a function of its future cash earnings capacity. This methodology works on the premise that the value of a business is measured in terms of future cash flow streams, discounted to the present time at an appropriate discount rate. The value of the firm is arrived at by estimating the Free Cash Flows (FCF) to Firm and discounting the same with Weighted Average cost of capital (WACC). In the DFCF approach, the appraiser estimates the cash flows of any business after all operating expenses, taxes, and necessary investments in working capital and Capex is being met. In the given case as Seamec is a listed company and since the information related to future financial projections of the company and its subsidiaries are price sensitive in nature and further given the uncertainties with respect to Covid-19 and its impact on business, we were not provided with the financial projections of the companies by their management. Considering the purpose of valuation being determination of relative share swap ratio and to ensure symmetry among the methodologies, we have not applied the Income approach for our Valuation Analysis.

<u>The valuation of Demerged Business (Marine, EPC and other ancillary business) of HAL Offshore Limited and Seamec Limited with its basis is given below-</u>

A. Demerged Business of HAL Offshore Limited

COMPARABLE COMPANIES TRADING MULTIPLES METHODOLOGY

Comparable Company Trading multiples methodology (CCM) uses the valuation ratios of publicly traded listed companies and applies that ratio to the subject company being valued. The valuation ratio typically expresses the valuation as a function of measure of financial performance (e.g., Turnover, EBITDA, EBIT, EPS or Book Value). A key benefit of CCM analysis is that the methodology is based on the current market stock price. The current stock price is generally viewed as one of the best valuation metrics because markets reflect observable inputs. The difficulty here is the selection of a comparable company since it is rare to find two or more companies with the same product portfolio, size, capital structure, business strategy, profitability and accounting practices. Whereas no publicly traded company provides an identical match to the operations of a given company, important information can be drawn from the way similar enterprises in Industry / Sector are valued by public markets.

We understand that the revenue generated by the Demerged Business of HAL Offshore Limited is diversified into 2 main segments viz: EPC business and Marine Business. Accordingly, we have undertaken the sum of the parts (SOTP) value analysis of these two segments to conclude the value of Demerged Business of HAL.

We have selected the peer companies based on the following parameters: -

1. **Business Model:** To arrive at the fair value of the EPC and Marine Division of the Demerged Company, we have used the CCM methodology, by comparing the Trailing Twelve Months (TTM) EV to EBITDA (EV/EBITDA) Multiples preceding the Valuation date of certain companies listed on Recognized Stock Exchanges in India belonging to the “Oil Exploration / Allied Services” Industry and “Shipping” Industries. We have considered only those companies whose Industry classification and business model (in terms of the principal products/services) is similar to company’s business model and accordingly performed a SOTP value analysis. For Industry classification, we have relied upon the Capitaline database.

2. **Trade Volume:** Only those companies have been considered, whose shares are frequently traded at National Stock Exchange (NSE) or Bombay Stock Exchange (BSE) in accordance with SEBI (ICDR) Regulations,2018.

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Valuation of Demerged Business of HAL based on EV to EBITDA Multiple

Particulars	Values in INR Cr
EBITDA Standalone- Marine Business (1)	**132**
EV to EBITDA Multiple for Marine Business (post adjustments) (2)	5.75
EV Marine Business (A)	**758.34**
EBITDA Standalone- EPC Business (1)	**73**
EV to EBITDA Multiple for EPC Business (post adjustments) (3)	3.35
EV EPC Business (B)	**244.70**
EV of Marine, EPC and other ancillary business of HAL (A+B)	**1,003.04**
Less: Debt (4)	(101)
Add: Cash (4)	3
Add: Capital Work in Progress (5)	39
Equity Value	**944.04**
No. of Equity Shares	14,873,780
Value per Equity share (INR)	**634.70**

(1) Based on the segment wise management estimated standalone financials for FY 2021-22

(2) Average of "Shipping" Industry EV/EBITDA TTM multiples preceding the valuation date from Capitaline database after considering suitable discounts for lack of marketability, size and operating characteristics

(3) Average of "Oil Exploration / Allied Services" EV/EBITDA TTM multiples preceding the valuation date from Capitaline database after considering suitable discounts for lack of marketability, size and operating characteristics

(4) Based on Audited balance sheet of HAL and (Proforma Demerged Business) as on 31st December 2021

(5) CWIP includes P&M under installation/ under development/ under dry docking based on Audited balance sheet date of Demerged Business as on 31st December 2021.

Note: It is represented by the management of HAL that recently as on 14 February, 2022, the Demerged business of HAL has subscribed to certain Secured Optionally Convertible Debentures (OCD) of Moon Beverages Limited ("MBL"). As this investment has been made recently and its conversion option rights are solely with "MBL", this may or may not result in any equity investment of Demerged Business of HAL in "MBL". Further, we have been informed by the management that as on the valuation date, there is no change in the valuation of this investment, accordingly no separate adjustment has been undertaken against this investment of Demerged Business of HAL in above workings.

Based on our analysis of the Demerged Business of HAL Offshore Ltd. and subject to our comments and caveats as further detailed in this report, we have arrived at the value per equity share of Demerged Business of HAL Offshore Ltd. at INR 634.70.

B. Seamec Limited

MARKET PRICE METHODOLOGY

As per SEBI Master circular on Scheme of Arrangements, the issuance of shares under schemes in case of allotment of shares only to a select group of shareholders or shareholders of unlisted companies pursuant to such schemes shall follow the pricing provisions of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (hereinafter referred to as "the ICDR Regulations"). It is further clarified that the 'relevant date' for the purpose of computing pricing shall be the date of Board meeting in which the scheme is approved. Accordingly, **Relevant Date for Valuation is considered as 28 March, 2022.**

Since Seamec is a public listed company on NSE and BSE in India and its equity shares are frequently traded; to arrive at its Equity Value per share, we have adopted the Market Price Method under the Market Approach in accordance with the pricing methodology prescribed under SEBI Preferential allotment guidelines as per Regulation 164 of SEBI ICDR Regulations, 2018.

For the purpose of this regulation, 'stock exchange' means any of the recognised stock exchange(s) in which the equity shares of Seamec are listed and in which the highest trading volume in respect of the equity shares of Seamec has been recorded during the preceding 90 trading days prior to the relevant date. Accordingly, in the instant case, we have relied upon the Total Traded Quantity and Turnover data from the "NSE".

As represented by the Management, the Articles of Association ("AOA") of the Resulting company does not provide for any method of determination of floor price for equity shares to be allotted pursuant to the preferential issue.

Based on these pricing guidelines, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

a. the 90 trading days volume weighted average price (VWAP) of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or
b. the 10 trading days volume weighted average price (VWAP) of the related equity shares quoted on a recognised stock exchange preceding the relevant date

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(1) Working of 90 trading days volume weighted average price (VWAP) preceding the relevant date

S.No.	Date	Total Traded Quantity (A)	Turnover (B)
1	25-Mar-22	4,663.00	55,80,774.20
2	24-Mar-22	3,167.00	38,07,145.90
3	23-Mar-22	17,680.00	2,09,67,735.65
4	22-Mar-22	6,264.00	75,82,077.30
5	21-Mar-22	16,063.00	1,96,55,223.50
6	17-Mar-22	66,189.00	8,16,22,574.95
7	16-Mar-22	18,585.00	2,05,89,985.20
8	15-Mar-22	10,794.00	1,17,39,211.85
9	14-Mar-22	20,666.00	2,19,73,747.30
10	11-Mar-22	3,653.00	38,92,193.85
11	10-Mar-22	2,517.00	26,94,818.20
12	09-Mar-22	6,530.00	69,12,791.55
13	08-Mar-22	3,072.00	31,39,322.55
14	07-Mar-22	4,921.00	49,71,061.85
15	04-Mar-22	17,935.00	1,82,87,281.05
16	03-Mar-22	10,500.00	1,13,28,124.20
17	02-Mar-22	2,902.00	30,43,960.25
18	28-Feb-22	7,930.00	82,87,116.65
19	25-Feb-22	8,875.00	93,93,526.95
20	24-Feb-22	17,518.00	1,81,84,089.70
21	23-Feb-22	3,776.00	42,42,428.95
22	22-Feb-22	17,380.00	1,87,08,322.85
23	21-Feb-22	6,577.00	74,64,240.80
24	18-Feb-22	5,602.00	67,37,166.35
25	17-Feb-22	5,514.00	65,24,894.20
26	16-Feb-22	8,263.00	1,01,09,661.05
27	15-Feb-22	11,478.00	1,37,86,407.95
28	14-Feb-22	19,911.00	2,41,05,573.20
29	11-Feb-22	35,622.00	4,47,83,217.90
30	10-Feb-22	1,19,610.00	15,23,15,393.45
31	09-Feb-22	64,029.00	7,75,96,007.70
32	08-Feb-22	18,005.00	2,02,46,638.15
33	07-Feb-22	19,337.00	2,07,15,485.30
34	04-Feb-22	1,723.00	17,92,018.80
35	03-Feb-22	2,055.00	21,54,156.90
36	02-Feb-22	1,003.00	10,54,760.50
37	01-Feb-22	2,460.00	25,77,014.30
38	31-Jan-22	3,478.00	37,22,147.00
39	28-Jan-22	5,324.00	57,86,261.25
40	27-Jan-22	4,571.00	49,19,139.40
41	25-Jan-22	5,708.00	61,46,657.35
42	24-Jan-22	9,621.00	1,04,15,931.45
43	21-Jan-22	5,933.00	67,31,489.10
44	20-Jan-22	8,054.00	90,88,106.20
45	19-Jan-22	3,326.00	36,23,567.45
46	18-Jan-22	4,114.00	45,75,921.25
47	17-Jan-22	9,559.00	1,07,03,672.60
48	14-Jan-22	3,662.00	40,36,364.15
49	13-Jan-22	2,867.00	31,83,176.10
50	12-Jan-22	2,960.00	33,11,865.55
51	11-Jan-22	8,544.00	96,82,991.95
52	10-Jan-22	4,047.00	44,78,025.20
53	07-Jan-22	1,573.00	17,35,505.95
54	06-Jan-22	2,404.00	26,57,667.30
55	05-Jan-22	6,762.00	76,01,677.70
56	04-Jan-22	15,805.00	1,81,11,197.80
57	03-Jan-22	1,879.00	21,47,449.80
58	31-Dec-21	8,718.00	97,86,958.60
59	30-Dec-21	818.00	8,74,076.85
60	29-Dec-21	1,159.00	12,17,421.10
61	28-Dec-21	361.00	3,76,639.80
62	27-Dec-21	2,017.00	21,16,373.30
63	24-Dec-21	547.00	5,89,313.05
64	23-Dec-21	5,965.00	64,76,535.10
65	22-Dec-21	9,465.00	1,03,78,510.55
66	21-Dec-21	7,020.00	74,59,313.60
67	20-Dec-21	1,170.00	12,57,761.70
68	17-Dec-21	7,569.00	84,70,463.20
69	16-Dec-21	4,805.00	55,32,189.90
70	15-Dec-21	22,336.00	2,68,76,318.05
71	14-Dec-21	16,984.00	2,00,48,280.70
72	13-Dec-21	11,040.00	1,24,41,528.00
73	10-Dec-21	17,958.00	1,92,48,558.55
74	09-Dec-21	3,335.00	33,86,155.40
75	08-Dec-21	1,368.00	14,08,387.15
76	07-Dec-21	3,538.00	35,67,815.85
77	06-Dec-21	2,363.00	23,75,057.15
78	03-Dec-21	7,151.00	71,78,091.55
79	02-Dec-21	4,448.00	44,83,884.00
80	01-Dec-21	6,459.00	65,86,205.70
81	30-Nov-21	6,244.00	63,28,576.20
82	29-Nov-21	10,179.00	1,02,37,974.75
83	26-Nov-21	3,078.00	31,87,262.10
84	25-Nov-21	9,031.00	95,86,226.65
85	24-Nov-21	1,400.00	14,82,883.75
86	23-Nov-21	9,218.00	98,34,711.75
87	22-Nov-21	14,878.00	1,59,06,487.15
88	18-Nov-21	5,190.00	56,79,049.25
89	17-Nov-21	26,541.00	2,90,02,126.60
90	16-Nov-21	10,337.00	1,15,26,224.95

Total Traded Quantity (A)	Total turnover (B)
9,45,650.00	**1,08,61,32,327.55**
VWAP (B/A)	**1,148.56**

(2) Working of 10 trading days volume weighted average price (VWAP) preceding the relevant date

S.No.	Date	Total Traded Quantity (A)	Turnover (B)
1	25-Mar-22	4,663.00	5,580,774.20
2	24-Mar-22	3,167.00	3,807,145.90
3	23-Mar-22	17,680.00	20,967,735.65
4	22-Mar-22	6,264.00	7,582,077.30
5	21-Mar-22	16,063.00	19,655,223.50
6	17-Mar-22	66,189.00	81,622,574.95
7	16-Mar-22	18,585.00	20,589,985.20
8	15-Mar-22	10,794.00	11,739,211.85
9	14-Mar-22	20,666.00	21,973,747.30
10	11-Mar-22	3,653.00	3,892,193.85

Total Traded Quantity (A)	Total turnover (B)
1,67,724.00	**19,74,10,669.70**
VWAP (B/A)	**1,177.00**

Concluded VWAP (INR) Higher of (1) and (2)	**1,177.00**

Based on our Analysis of Seamec Ltd. and subject to our comments and caveats as further detailed in this report, we have arrived at the value per Equity value of Seamec Limited at INR 1,177.00.

SECTION IV

SHARE SWAP RATIO

Valuation Approaches	HAL Offshore Ltd (Demerged Business)		Seamec Limited	
	Value per Share	Weight	Value per Share	Weight
Asset Approach (1)	NA	NA	NA	NA
Market Approach	634.70	1.00	1177.00	1.00
Income Approach (2)	NA	NA	NA	NA
Relative Value per Share	634.70		**1177.00**	
Exchange Ratio (rounded off)			**0.5393**	

NA = Not Applied / Not Applicable

(1) Since the Demerged business of HAL Offshore Ltd and Seamec Limited are intended to be continued on a 'going concern basis', we have not used Asset Approach for our Valuation Analysis.

(2) Seamec is public listed company and since the information related to future financial projections of the company and its subsidiaries are price sensitive in nature and further given the uncertainties with respect of Covid-19 and its impact on business, we were not provided with the financial projections of the companies by their management. Considering the purpose of valuation being determination of relative share swap ratio and to ensure symmetry among the methodologies, we have not used Income Approach for our Valuation Analysis.

Based on the above swap ratio approximately 53.93 equity shares of Seamec Ltd. should get issued against every 100 equity shares of the Demerged Company.

However, in accordance with SEBI Regulations at least 25% of the post scheme paid up share capital/ shareholding pattern of the Resulting company shall comprise of shares allotted to the public shareholders. Accordingly, the draft scheme contains a clause that the management of Resulting company has proposed to issue a combination of equity shares and optionally convertible preference shares (OCPS) in a manner that the equity shareholding of the promoters and promoter group in the Resulting Company shall not exceed 75% of the total issued and paid-up Equity Share Capital of the Resulting Company after such conversion.

As informed by the management, the OCPS can be converted at the option of the OCPS holders within a period of 18 months from the date of allotment of such OCPS ("Conversion exercise period"), subject to maintenance of minimum prescribed public shareholding of 25% post conversion. OCPS shall have a conversion ratio of 1:1 and shall remain unlisted.

If the option to convert is not exercised within the prescribed period, OCPS would be redeemed within a period of 10 years from the end of conversion exercise period at a Redemption Price of ₹ 1177.00 per share (face value of INR 10.00 each and Redemption Premium of INR 1167.00 per share). Such redemption premium shall be compounded at the rate of 9% per annum from the end of the Conversion Exercise Period till the date of redemption and in accordance with detailed terms of such OCPS as specified in the Scheme

RITU SARIN * IBBI/RV/05/2020/11308 * Registered Valuer Securities or Financial Assets NOIDA

On the basis of above and consequent to the Demerger of the Marine, EPC and other ancillary business of the Demerged Company with the Resulting Company, the Resulting Company shall, issue and allot equity shares and Optional Convertible Preference Shares ("OCPS") to the shareholders of the Demerged company, whose names appear in the Register of Members of the Demerged company, as on the Record Date, in the following ratio:

a. ***20.17 Equity Share of ₹10 each, credited as fully paid up, to the Equity Shareholders of the Demerged Company for every 100 Equity Share of ₹10 each held in the Demerged Company and;***

b. ***33.76 Optionally Convertible Preference Shares of ₹10 each, credited as fully paid up, to the Equity Shareholders of the Demerged Company for every 100 Equity Share of ₹10 each held in the Demerged Company***

For Ritu Sarin

Registered Valuer (IBE

IBBI Valuer Registration No. IBBI/RV/05/2020/13063

UDIN: 22408680AFSQQO8097 **Date: 28 March 2022**

SECTION V

CAVEATS

- This Valuation Report has been issued on the specific request of the Companies for determining the Share Swap ratio for the said proposed Scheme of Arrangement in accordance with the SEBI Regulations, Companies Act, 2013 and Rules thereof. This Report is prepared exclusively for the above stated purpose and must not be copied, disclosed or circulated or referred to in correspondence or discussion with any other party. Neither this report nor its content may be used for any other purpose without our prior written consent.
- No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in accounts. Therefore, no responsibility is assumed for matters of legal nature.
- In accordance with the customary approach adopted in Valuation exercise, we have summarized the Share Swap ratio of the Companies based on the information as was provided to us by the management of the Companies both written, verbal and other publicly available information. We do not assume any responsibility for the accuracy or reliability of such documents on which we have relied upon in forming our opinion.
- This Report does not look into the business/commercial reasons behind the transaction nor the likely benefits arising out of the same. In addition, we express no opinion or recommendation, and the shareholders are expected to exercise their own discretion.
- We are independent of the Companies and have no present or planned future interest in the Company and the fee for this Valuation analysis is not contingent upon the values reported herein. The Valuation Analysis contained herein is not intended to represent the value at any time other than the date that is specifically stated in this Report.
- The report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.
- In no circumstances shall the liability of a valuer, its partners, directors or employees, relating to the services provided in connection with the engagement set out in this Valuation report shall exceed the amount paid to such valuer in respect of the fees charged by it for these services.
- Our valuation report should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.