

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH AT MUMBAI
(ORIGINAL JURISDICTION)
COMPANY APPLICATION NO. CA (CAA) 626 OF 2018
IN THE MATTER OF THE COMPANIES ACT, 2013 (18 OF 2013)
SECTIONS 230, 232 & 66
AND
IN THE MATTER OF SCHEME OF ARRANGEMENT
AND
IN THE MATTER OF**

HAL OFFSHORE LTD

APPLICANT/DEMERGED COMPANY

AND

SEAMEC LTD

APPLICANT/RESULTING COMPANY

Explanatory Statement

[Under sections 230, 232 & 66 of the Companies Act, 2013 and the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, and other applicable provisions, if any]

- Pursuant** to the Order dated 20th July, 2018, passed by the Hon'ble National Company Law Tribunal, Mumbai Bench at Mumbai, in the above referred joint Company Application, separate meetings of the following categories/classes are scheduled to be convened for the purpose of considering and, if thought fit, approving, with or without modifications, the proposed Scheme of Arrangement between HAL Offshore Ltd and Seamec Ltd (hereinafter referred to as "this Scheme/the Scheme"), as per the following schedule:

Tuesday, 25th September, 2018

| Meeting of | Time |
|--|-----------|
| Shareholders of HAL Offshore Ltd (Demerged Company) | 2:00 P.M. |
| Secured Creditors of HAL Offshore Ltd (Demerged Company) | 3:00 P.M. |
| Secured Creditors of Seamec Ltd (Resulting Company) | 4:00 P.M. |
| Venue: Conference Hall of Seamec Ltd, at A-901-905, 9 th Floor, 215 Atrium, Andheri Kurla Road, Andheri East, Mumbai-400 093 | |

Wednesday, 26th September, 2018

| Meeting of | Time |
|--|------------|
| Un-secured Creditors of HAL Offshore Ltd (Demerged Company) | 12:00 Noon |
| Un-secured Creditors of Seamec Ltd (Resulting Company) | 1:00 P.M. |
| Shareholders of Seamec Ltd (Resulting Company) | 3:00 P.M. |
| Venue: Mirage Hotel, International Airport Approach Road, Marol, Andheri (East), Mumbai-400 059 | |

2. Additionally, in terms of the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10th March, 2017 read with Circular No. CFD/DIL3/CIR/2018/2 dated 3rd January, 2018 and Stock Exchange requirements, [hereinafter collectively referred to as the SEBI Regulations], the Scheme of Arrangement shall also be subject to the approval of the Public Shareholders (i.e., Equity Shareholders other than those forming part of Promoter and Promoter Group) of the listed Resulting Company.

Accordingly, a Resolution is proposed to be passed only by the Public Shareholders of the Resulting Company through Postal Ballot and e-voting, as specified in the Notice of Postal Ballot which is annexed to the Notice of the Meeting of Shareholders of the Resulting Company, to consider and, if thought fit, approve, with or without modifications, the proposed Scheme of Arrangement.

3. In terms of the aforesaid SEBI Regulations, the Scheme shall be acted upon only if the votes cast by the Public Shareholders in favour of the Scheme are more than the number of votes cast by the Public Shareholders against the Scheme.
4. A copy of the Scheme of Arrangement setting out the terms and conditions of the proposed Arrangement, inter alia, providing for de-merger of EPC & Vessel Division of HAL Offshore Ltd into Seamec Ltd; and other connected matters, is enclosed with this Explanatory Statement.
5. **Companies to the Scheme and their Background**

5.1 The Applicant No. 1/the Demerged Company - HAL Offshore Ltd:

- a. The Demerged Company-HAL Offshore Ltd [Corporate Identification No. (CIN): U 24298 MH 1996 PLC 310098; Income Tax Permanent Account No. (PAN): AAA CH 3144 B] (hereinafter referred to as "the Demerged Company/the Company") was originally incorporated under the provisions of the Companies Act, 1956, as a public limited company with the name and style as 'Himachal Alkalies Ltd' vide Certificate of Incorporation dated 17th December, 1996 issued by the Registrar of Companies, Delhi & Haryana, New Delhi. The Company was issued Certificate for Commencement of Business dated 27th December, 1996 by the Registrar of Companies, Delhi & Haryana, New Delhi. Name of the Company was changed to 'HAL Offshore Ltd' vide Fresh Certificate of Incorporation dated 4th September, 2000 issued by the Registrar of Companies, New Delhi. Registered Office of the Company was shifted from the NCT of Delhi to the State of Maharashtra as approved by the Hon'ble Regional Director, Northern Region, Ministry of Corporate Affairs, New Delhi vide Order dated 13th February, 2018. The Registrar of Companies, Maharashtra, Mumbai registered the aforesaid order of the Hon'ble Regional Director, and allotted a new CIN to the Company on 29th May, 2018.
- b. Presently, the Registered Office of the Applicant Demerged Company is situated at 32, Corporate Avenue, 4th Floor, B Wing, Near Paper Box Industry, Off Mahakali Caves Road, Andheri East, Mumbai-400 093, Maharashtra; e-mail id: info@haloffshore.com; Website: www.haloffshore.in.
- c. The detailed objects of the Demerged Company are set out in the Memorandum of Association and are briefly stated as below:

Main Objects:

1. *Managing, chartering, owning, repairing, servicing, dealing and acting as agents for marine vessels and ships of all nationalities, flags, types, sizes and description, whether for carrying passengers or cargo or otherwise and acting as agents or representatives of foreign manufacturers/ principals in respect of sales and servicing including obtaining and issuing warranties of all plant, machinery, instruments, equipments and things connected with or ancillary to the Shipping Industry.*
2. *To act as consultants, advisors, coordinators, technicians, surveyors, promoters, recruiting agency, turnkey operators representatives, trainers, researchers, contractors in all matters relating to marine services, under water services, shipping travel, transportation, pipe laying industrial and public utility projects in any part of the world and to select, procure and supply staff and labour, plant, machinery, equipment, tools, spares, fitting, instruments and all items connected therewith as may be required or necessary for rendering marine services.*
3. *To carry on business as Engineering and procurement Contractors, general engineers,*

mechanical engineers, process engineers, civil engineers, general mechanical and civil contractors and consultants for oil & gas sectors and to enter into contracts and joint ventures in relation to and to erect, construct, supervise, maintain, alter, repair, pull down and restore, either alone or jointly with other companies or persons, works of all descriptions, including plants of all descriptions, factories, mills, refineries, pipelines, gas works, electrical works, power plants, water works, water treatment plants and to undertake turnkey projects of every description and to undertake the supervision of any plant or factory and to invest in or acquire in companies carrying on the above business.

- 4. To manufacture, produce, process, buy, sell trade, import, export and otherwise deal in Caustic Soda, Salt, Barimeen Salts, Purification Chemicals, Graphite, Anode, Soda Ash, Sodium Sulphate.*
 - 5. To carry on business as traders, dealers, wholesalers, retailers, importers, exporters, processors, formulators, finishers, packers, dispatchers, receivers and manufacturers of various types of chemicals, Acids, Alkalies and other substances from heavy and light grades of chemicals including monochlorophenol, diachlorophenol, Calcium chloride and such other chemical and raw-material for chemicals of all description.*
 - 6. To manufacture, process and otherwise deal in petroleum and petroleum products and petrochemicals and any of their by-products.*
 - 7. To produce, manufacture, use, buy or otherwise acquire, sell, distribute, deal in and dispose of alkalies and acids, gasses, compounds, fertilizers, chemicals and chemical products of every nature and description and compounds, intermediates, derivatives and by-products thereof.*
 - 8. To act as consultants in the fields of chemical technology.*
 - 9. To carry on the business of Electronic Communication Engineering and render and supply and forms of marine services including: -*
 - a. Import, export, supply, hire, let out or otherwise deal in, install, service, repair and maintain all plant, machinery, instruments and equipment relating to navigation, communication, radar, electronic, electrical, safety and other aspects of marine servicing and engineering.*
 - b. Moving men and material over land and sea by trucks, sea going vessels and other means of communication.*
 - 10. To carry on the business of stock and share brokers and to deal (purchase and sale) in shares, securities, debentures of private and public sector companies registered under the Companies Act, 1956 and to deal in Government securities, trust securities and all other such types of securities and actionable claims and to hold them as investments for earning profits.*
 - 11. To acquire, take up and hold shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or guarantee by any company, corporation or authority constituted for carrying on business in India or in any foreign country and debentures, debenture-stocks, bonds, obligations and securities issued or guaranteed by any Government, sovereign ruler, commissioner, public body or Authority, supreme, municipal, local or otherwise, whether in India or any foreign country.*
 - 12. To carry on the business of buying, selling, reselling, importing, exporting, transporting, storing, developing, promoting, marketing or supplying, trading, dealing in any manner whatsoever in all type of goods on retail as well as on wholesale basis in India or elsewhere.*
 - 13. To carry on the business as exhibitors of various goods, services and merchandise and to undertake the necessary activities to promote sales of goods, services and merchandise manufactured/dealt with/provided by the Company.*
- d.** The Demerged Company/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. Over the years HAL has developed

a diversified portfolio for undertaking turnkey projects involving sub-sea and marine services as an EPC contractor. These services are certified by independent agencies like American Bureau of Shipping (ABS), DNV, and LR as per requirement of the client. Recently, HAL has also diversified in Onshore EPC contracts for processing of Natural Gas in Tamil Nadu, erection and installation of ETP plants in Assam and erection and installation of Gas station and Water purification systems in Gujarat. The Demerged Company has now become an oil and gas service operator catering to the complete needs of both Offshore and Onshore requirement of all Oil and Gas Major in India, especially ONGC, Oil India and Cairns. The Demerged Company has also made investments in real estate, shares and other securities. The Company has, over the years, built up an impressive portfolio of securities investment. Hence, the Demerged Company has two distinct businesses, viz., EPC & Vessel Division and Investment Division.

- e. The present Authorised Share Capital of the Demerged Company is ₹25,00,00,000 divided into 2,50,00,000 Equity Shares of ₹10 each. The present Issued, Subscribed and Paid-up Share Capital of the Company is ₹14,87,37,800 divided into 1,48,73,780 Equity Shares of ₹10 each.
- f. Detail of the present Board of Directors of the Demerged Company is given below:

| Sl. No. | Name & Address | DIN | Designation |
|---------|--|----------|----------------------|
| 1. | Mr Vijay Kumar Gupta 162-B, Pocket C Sidharth Extension New Delhi 110 014 | 00022885 | Independent Director |
| 2. | Mr Kamal Narayan Rathi 96, Ground Floor, New Bhiwandi House, A K Marg, Kemps Corner, Mumbai-400 036 | 06994787 | Whole Time Director |
| 3. | Mr Vineet Saran Agrawal Rustomjee Elanza, A-2101, Off Link Road, Near Inorbit Mall, Malad West Mumbai 400 064 | 06993827 | Whole Time Director |
| 4. | Mr Naveen Mohta Flat No. 1901, 19 th Floor, E-Wing, Anmol, Off S V Road, Goregaon West Mumbai 400 104 | 07027180 | Whole Time Director |

5.2 The Applicant No. 2/the Resulting Company- Seamec Ltd:

- a. The Resulting Company- Seamec Ltd [Corporate Identification No. (CIN): L 63032 MH 1986 PLC 154910; Income Tax Permanent Account No. (PAN): AAB CP 8214 H] (hereinafter referred to as "the Resulting Company/the Company") was originally incorporated under the provisions of the Companies Act, 1956, as a private limited company with the name and style as 'Peerless Leasing Pvt Ltd' vide Certificate of Incorporation dated 29th December, 1986, issued by the Registrar of Companies, West Bengal, Kolkata. Name of the Company was changed to 'Peerless Drive Pvt Ltd' vide Fresh Certificate of Incorporation dated 8th July, 1987, issued by the Registrar of Companies, West Bengal. The Company became a deemed public company and word 'private' was deleted from the name of the Company on 12th December, 1988, by the Registrar of Companies, West Bengal, Kolkata. Name of the Company was changed to 'Peerless Shipping and Oilfield Services Ltd' vide Fresh Certificate of Incorporation dated 25th August, 1994 issued by the Registrar of Companies, West Bengal. Name of the Company was again changed to 'South East Asia Marine Engineering & Construction Ltd' vide Fresh Certificate of Incorporation dated 11th August, 2000 issued by the Registrar of Companies, West Bengal. Registered Office of the Company was shifted from the State of West Bengal to the State of Maharashtra as approved by the Hon'ble Company Law Board, Eastern Region Bench, Kolkata vide Order dated 14th June, 2005. The Registrar of Companies, Maharashtra, registered the aforesaid order on 20th July, 2005 and allotted a new CIN to the Company. Name of the Company was changed to its present name 'Seamec Ltd' vide Fresh Certificate of Incorporation dated 12th June, 2007 issued by the Registrar of Companies, Maharashtra, Mumbai.

- b. Presently, the Registered Office of the Applicant Resulting Company is situated at A-901-905, 9th Floor, 215 Atrium, Andheri Kurla Road, Andheri East, Mumbai-400 093; e-mail: contact@seamec.in; Website: www.seamec.in.
- c. The detailed objects of the Resulting Company are set out in the Memorandum of Association and are briefly stated as below:

Main Objects:

1. *To purchase or otherwise acquire all form of movable properties including machinery, equipments, motor vehicles, ships, rigs, drilling platforms, engineering workshop and all consumer and industrial items and to provide them on hire, lease or otherwise deal with them in any manner whatsoever including resale thereof irrespective of whether the items purchased and leased be new and / or used.*
 2. *Deleted*
 3. *Deleted*
 4. *Deleted*
 5. *To acquire, own, operate and lease out remotely operated subsea vehicles diving systems, early production Units in regards thereto, hyperbaric underwater welding systems to undertake, underwater engineering and construction work, maintenance, operate engineering workshops for electronic and subsea equipment including pressure vessels, hyperbaric facilities including therapeutic chambers welding machines and automated procedures to conduct repair and installation of nuclear power plant components including approved welding procedures and remotely controlled and automatic equipment related thereto.*
 6. *To own and operate and lease fish farms, to process distribute and sell fish products locally and abroad, to establish and own micro biology related laboratories and systems to provide them on hire, lease or to otherwise deal with them.*
- d. The Resulting Company/Seamec is one of the largest providers 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. Seamec has unrivalled experience in the ongoing subsea inspection, repair, maintenance and light construction required for the efficient and productive support of offshore oil production. Seamec has made its presence felt in Middle East, South East Asia, West Africa and Gulf of Mexico. Seamec's area of activities also extended to execution of many underwater diving projects with Oil companies and Contractors across the globe. Seamec vessels are ISPS certified and follow the best practices. They are equipped with fire-fighting and pollution prevention equipment's which are certified by International and Indian certification authority.
- e. The present Authorised Share Capital of the Resulting Company is ₹50,00,00,000 divided into 5,00,00,000 Equity Shares of ₹10 each. The present Issued, Subscribed and Paid-up Share Capital of the Company is ₹25,42,50,000 divided into 2,54,25,000 Equity Shares of ₹10 each.
- f. Detail of the present Board of Directors of the Company is given below:

| Sl. No. | Name & Address | DIN | Designation |
|---------|---|----------|----------------------|
| 1. | Mr Mahesh Prasad Mehrotra C-561, Defence Colony, New Delhi-110 024 | 00016768 | Independent Director |
| 2. | Mr Surinder Singh Kohli J-170, Rajouri Garden, New Delhi-110 027 | 00169907 | Independent Director |
| 3. | Mr Sanjeev Agrawal 1, Maharaja Lal Lane, Civil Lines, New Delhi-110 054 | 00282059 | Chairman |

| Sl. No. | Name & Address | DIN | Designation |
|---------|---|----------|----------------------|
| 4. | Mr Amarjit Singh Soni C-412, 1 st Floor, Defence Colony, New Delhi-110 024 | 03009390 | Independent Director |
| 5. | Ms Seema Jayesh Modi Flat No. 1301, 13 th Floor, Shalin Building, Keluskar Road, Shivaji Park, Dadar West, Mumbai-400 028 | 05327073 | Independent Director |
| 6. | Mr Naveen Mohta Flat No. 1901, 19 th Floor, E-Wing, Anmol, Off S V Road, Goregaon West, Mumbai-400 104 | 07027180 | Whole-time Director |
| 7. | Mr Subrat Das 3049, Pocket-4, Sec-B, Vasant Kunj, New Delhi-110 070 | 07105815 | Director |

6. The Demerged Company is a closely held public limited un-listed company. The Resulting Company, on the other hand, is a public limited listed company. Equity Shares of the Resulting Company are listed on BSE Limited (Bombay Stock Exchange/BSE) and National Stock Exchange of India Limited (NSE). As on 3rd August, 2018, the Demerged Company is holding about 69.57% of paid up Equity Share Capital of the Resulting Company. Accordingly, the Resulting Company is a subsidiary of the Demerged Company. Both the Companies are under common management and control. The Scheme of Arrangement will not result in change in management in any of these Companies.

7. Details of the Core Promoters of the Demerged Company is given below:

| Sl. No. | Name & Address | PAN |
|---------|--|---------------|
| 1. | Sanjeev Agrawal 1, Maharaja Lal Lane, Civil Lines Delhi-110 054 | ABO PA 4675 N |
| 2. | Sanjeev Agarwal HUF 1, Maharaja Lal Lane, Civil Lines Delhi-110 054 | AAB HS 2507 P |
| 3. | Anant Agarwal 1, Maharaja Lal Lane, Civil Lines Delhi-110 054 | AFS PA 0559 F |
| 4. | Deepti Agrawal 1, Maharaja Lal Lane, Civil Lines Delhi-110 054 | AAM PA 0573 C |

8. Details of the Core Promoters of the Resulting Company is given below:

| Sl. No. | Name & Address | PAN |
|---------|--|---------------|
| 1. | HAL Offshore Limited (the Demerged Company) CIN: U 24298 MH 1996 PLC 310098 32, Corporate Avenue, 4 th Floor, B Wing, Near Paper Box Industry, Off Mahakali Caves Road, Andheri East, Mumbai-400 093 | AAA CH 3144 B |

9. Objectives, Rationale and Benefits of the Scheme:

A. Preamble

- I.** HAL Offshore Ltd (HAL/the Demerged Company) 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. Over the years HAL has developed a diversified portfolio for undertaking turnkey projects involving sub-sea and marine services as an EPC contractor. These services are certified by independent agencies like American Bureau of Shipping (ABS), DNV, and LR as per requirement of the client. Recently, HAL has also diversified in Onshore EPC contracts for processing of Natural Gas in Tamil Nadu, erection and installation of ETP plants in Assam and erection and installation of Gas station and Water purification systems in Gujarat. HAL has now become an oil and gas service operator catering to the complete needs of both Offshore and Onshore requirement of Oil and Gas Major in India, especially ONGC, Oil India and Cairns. HAL has also made investments in real estate, shares and other securities. The Company has, over the years, built up an impressive portfolio of securities investment. Hence, the Demerged Company has two distinct businesses, viz., EPC & Vessel Division and Investment Division.
- II.** Seamec Ltd (Seamec/the Resulting Company) is one of the largest provider of Diving Support Vessel globally, having a fleet of 04 no's DSV, One Support Vessel and One Handy mix Bulk Carrier. Seamec has unrivalled experience in the ongoing subsea inspection, repair, maintenance and light construction required for the efficient and productive support of offshore oil production. Seamec has made its presence felt in Middle East, South East Asia, West Africa and Gulf of Mexico. Seamec's area of activities also extended to execution of many underwater diving projects with Oil companies and Contractors across the globe. Seamec vessels are ISPS certified and follow the best practices. They are equipped with fire-fighting and pollution prevention equipment's which are certified by International and Indian certification authority.
- III.** The Group Management has decided to consolidate the vessel charter and other related business of both these Companies into the listed Resulting Company. The Demerged Company is also providing Offshore and Onshore turnkey project services as EPC Contractor. To diversify the business portfolio of the Listed Resulting Company, the Management is also proposing to demerged the EPC business and other related activities into the Resulting Company.

B. Detailed Rationale of the Scheme

The circumstances which justify and/or necessitate the proposed Scheme of Arrangement of HAL Offshore Ltd and Seamec Ltd are, inter alia, as follows:

- i.** The Resulting Company is a subsidiary of the Demerged Company. The proposed demerger of EPC & Vessel Division of HAL Offshore Ltd into Seamec Ltd would result in business synergy, consolidation of entire vessel charter business of both the Companies into the Listed Resulting Company, pooling off the resources of these Companies and would enable the Resulting Company to diversify into lucrative EPC Business.
- ii.** The Demerged Company/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. Over the years HAL has developed a diversified portfolio for undertaking turnkey projects involving sub-sea and marine services as an EPC contractor. These services are certified by independent agencies like American Bureau of Shipping (ABS), DNV, and LR as per requirement of the client. Recently, HAL has also diversified in Onshore EPC contracts for processing of Natural Gas in Tamil Nadu, erection and installation of ETP plants in Assam and erection and installation of Gas station and Water purification systems in Gujarat. The Demerged Company has now become an oil and gas service operator catering to the complete needs of both Offshore and Onshore requirement of all Oil and Gas Major in India, especially ONGC, Oil India and Cairns. The Demerged Company has also made investments in real estate, shares and other securities. The Company has, over the years, built up an impressive portfolio of real estate and securities. Hence, the Demerged Company has two distinct businesses, viz., EPC & Vessel Division and Investment Division.

- iii. The Resulting Company/Seamec is one of the 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. Seamec has unrivalled experience in the ongoing subsea inspection, repair, maintenance and light construction required for the efficient and productive support of offshore oil production. Seamec has made its presence felt in Middle East, South East Asia, West Africa and Gulf of Mexico. Seamec's area of activities also extended to execution of many underwater diving projects with Oil companies and Contractors across the globe. Seamec vessels are ISPS certified and follow the best practices. They are equipped with fire-fighting and pollution prevention equipment's which are certified by International and Indian certification authority.
 - iv. As mentioned above, 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 the Resulting Company is primarily engaged in chartering and operation of diving support and utility vessels 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 business of the Demerged Company will also be vested into the Resulting Company.
 - v. The proposed de-merger will enable the 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.
 - vi. It will impart better management focus, will facilitate administrative convenience and will ensure optimum utilization of manpower and various other resources by these Companies.
 - vii. The proposed de-merger 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.
 - viii. Shareholders of the listed Resulting Company are expected to have better prospects with regard to return and appreciation on their investments in the Resulting Company. The Post Scheme the Resulting Company will be able to augment resources at better terms.
 - ix. The proposed De-merger will have beneficial impact on the Demerged Company and the Resulting Company, their employees, shareholders and other stakeholders and all concerned.
 - x. With a view to achieve greater management focus and keeping in mind the paramount and overall interest of the shareholders, the Board of Directors of the Demerged Company and the Resulting Company considered that a Scheme of Arrangement for De-merger would be the most appropriate methodology.
- C. Accordingly, the present Scheme of Arrangement is proposed under sections 230, 232 and 66 of the Companies Act, 2013 and other relevant provisions, if any, for De-Merger of EPC & Vessel Division of Hal Offshore Ltd into Seamec Ltd on going concern basis and other connected matters. The Board of Directors and the Management of these Companies are of the opinion that the proposed arrangement is in the best interest of these Companies and their stakeholders.
10. The proposed de-merger of EPC & Vessel Division of HAL Offshore Ltd into Seamec Ltd and other connected matters, will be affected by the arrangement embodied in the Scheme of Arrangement framed under sections 230, 232 & 66 of the Companies Act, 2013, the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the National Company Law Tribunal Rules, 2016, and other applicable provisions, if any.

11. Salient features of the Scheme of Arrangement

The Scheme of Arrangement, inter alia, provides as under:

- i. All assets and liabilities including Income Tax and all other statutory liabilities, if any, of EPC & Vessel Division (the Demerged Business) of HAL Offshore Ltd (the Demerged Company) will be transferred to and vest in Seamec Ltd (the Resulting Company) on demerger.
- ii. All the employees of the Demerged Company employed in the activities relating to the Demerged Business, in service on the Effective Date, if any, shall become the employees of the Resulting Company

on and from such date without any break or interruption in service and upon terms and conditions not less favorable than those applicable to them in the Demerged Business of the Demerged Company, on the Effective Date.

- iii. Appointed Date for de-merger will be 1st July, 2017, or such other date, as the Hon'ble National Company Law Tribunal or any other competent authority may approve.
 - iv. Share Exchange Ratio for the Scheme will be as follows:
 - a. The Resulting Company will issue 10 (ten) Equity Shares of ₹10 each, credited as fully paid-up, to the shareholders of the Demerged Company for every 30 (thirty) Equity Shares of ₹10 each held in the Demerged Company.
 - b. Further, the Resulting Company will issue 99 (ninety nine) 6% Non-cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹10 each, credited as fully paid-up, to the shareholders of the Demerged Company for every 30 (thirty) Equity Shares of ₹10 each held in the Demerged Company.
 - v. BSE Ltd (Bombay Stock Exchange/BSE) will act as the Designated Stock Exchange for the purposes of the Scheme.
12. **Extracts of the Scheme:** Extracts of the selected clauses of the Scheme of Arrangement are given below in italics (points/clauses referred to in this part are of the Scheme of Arrangement):

DEFINITIONS

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning as under:

- 1.1 ***"Act"*** means the Companies Act, 2013 (18 of 2013), the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the National Company Law Tribunal Rules, 2016, and any other Rules made there under, as the case may be applicable; and the Companies Act, 1956 (1 of 1956), to the extent applicable, if any.
- 1.2 ***"Appointed Date"*** means commencement of business hour on 1st July, 2017, or such other date as the Hon'ble National Company Law Tribunal or any other competent authority may approve.
- 1.3 ***"Board of Directors"*** in relation to the Demerged Company and the Resulting Company, as the case may be, shall, unless it is repugnant to the context or otherwise, include a Committee of Directors or any person authorised by the Board of Directors or such Committee of Directors.
- 1.4 ***"Demerged Business"*** means EPC & Vessel Division Business of HAL Offshore Ltd (the Demerged Company) which is proposed to be De-merged into Seamec Ltd (the Resulting Company) and includes the business/undertaking comprising of:
 - 1.4.1 *All assets (whether movable or immovable, real or personal, corporeal or incorporeal, present future or contingent, tangible or intangible) of EPC & Vessel Division (the Demerged Business) wherever situated pertaining thereto.*
 - 1.4.2 *All present and future liabilities (including contingent liabilities) arising out of the activities or operations of the Demerged Business, including loans, debts, current liabilities and provisions, duties and obligations relatable to the Demerged Business.*
 - 1.4.3 *Without prejudice to the generality of the above, Demerged Business shall include in particular.*
 - a. *All EPC & Vessel Division and all other properties and assets of the Demerged Business wherever situated;*
 - b. *All rights, entitlements and other statutory permissions, approvals, consents, licenses, registrations, the benefits of all contracts including all customer contracts, agreements, vendor codes, approved tenders, past experience and credentials, business track record, and all other rights including leasehold rights if any, goodwill, intellectual property, investment, cash balances, the benefit of any deposit, financial assets, funds belonging to or proposed to be utilized for the Demerged Business, bank balances and bank accounts relating to the day to day operations and specific to the working of the Demerged Business; and all other fiscal and non fiscal incentives, benefits and privileges which are available to or being availed by the Demerged Company or which the Demerged Company may be entitled to at any time for its Demerged Business, shall be continued*

to be available in the Resulting Company for the Demerged Business after the proposed De-merger;

- c. All records, files, papers, computer programs, manuals, data and other records, whether in physical form or electronic form in connection with or relating to the Demerged Business;
- d. All duties and obligations, which are relatable to the Demerged Business;
- e. All advance money, earnest moneys and/or security deposits, bank guarantee, if any, paid or received by the Demerged Company in connection with or relating to the Demerged Business;
- f. All trademarks, trade names, service marks, patents and domain names, copyrights, industrial designs, product registrations and other intellectual property including but not limited to all intellectual property and all other interests exclusively relating to the goods or services being dealt with by the Demerged Company with regard to the Demerged Business, but shall not include any assets or liabilities relating to the Remaining Business of the Demerged Company.

1.4.4 For the purpose of this scheme, it is clarified that liabilities pertaining to the Demerged Business include:

- a. The liabilities, which arise out of the activities or operations of the Demerged Business;
- b. Specific loans and borrowings raised, incurred and utilized solely for the respective activities or operation of the Demerged Business;

1.4.5 All employees of the Demerged Company employed in the Demerged Business, as identified by the Board of Directors of the Demerged Company, as on the Effective Date;

1.4.6 Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Demerged Business or whether it arises out of the activities or operations of the Demerged Business shall be decided by the Board of Directors of the Demerged Company.

Performa Balance Sheet of the EPC & Vessel Division Business of the Demerged Company as on the appointed date is set out in Schedule-1.

1.5 "Demerged Company" means **HAL Offshore Ltd** being a company incorporated under the provisions of the Companies Act, 1956, and having its registered office at 32, Corporate Avenue, 4th Floor, B Wing, Near Paper Box Industry, Off Mahakali Caves Road, Andheri East, Mumbai-400 093, Maharashtra; e-mail id: info@haloffshore.com; Website: www.haloffshore.in.

1.6 "Effective Date" means last of the dates on which the certified copies of the Order(s) passed by the Hon'ble National Company Law Tribunal, sanctioning the Scheme of Arrangement, are filed with the concerned Registrar of Companies, Ministry of Corporate Affairs.

1.7 "National Company Law Tribunal" means appropriate Bench(es) of the Hon'ble National Company Law Tribunal constituted under the Companies Act, 2013, having territorial jurisdiction to sanction the present Scheme and other connected matters. The National Company Law Tribunal has been referred to as the Tribunal/NCLT.

1.8 "Record Date" means the date to be fixed by the Board of Directors of the Demerged Company with reference to which the eligibility of the shareholders of the Demerged Company for allotment of shares in the Resulting Company in terms of this Scheme, shall be determined.

1.9 "Registrar of Companies" means concerned Registrar of Companies, Ministry of Corporate Affairs having jurisdiction under the Companies Act, 2013, and other applicable provisions, if any, on the respective Companies.

1.10 "Remaining Business of the Demerged Company" means all assets and liabilities including immovable property, undertakings, businesses, activities and operations of the Demerged Company other than the Demerged Business.

1.11 "Resulting Company" means **Seamec Ltd** being a company incorporated under the provisions of the Companies Act, 1956, and having its registered office at A-901-905, 9th Floor, 215 Atrium, Andheri Kurla Road, Andheri East, Mumbai-400 093, e-mail id: contact@seamec.in; web-site: www.seamec.in.

1.12 "Scheme" means the present Scheme of Arrangement framed under the provisions of sections 230 & 232; section 66 of the Companies Act, 2013, the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions, if any, where under EPC & Vessel Division of the Demerged Company are proposed to be de-merged into the Resulting Company, in the present form or with any modification(s) approved or imposed or directed by Members/Creditors of these Companies and/or by any competent authority and/or by the Hon'ble National Company Law Tribunal or that may otherwise be deemed fit by these Companies.

1.13 SHARE CAPITAL

1.13.1 The present Authorised Share Capital of the Demerged Company is ₹25,00,00,000 divided into 2,50,00,000 Equity Shares of ₹10 each. The Present Issued, Subscribed and Paid-up Capital of the Company is ₹14,87,37,800 divided into 1,48,73,780 Equity Shares of ₹10 each.

1.13.2 The present Authorised Share Capital of the Resulting Company is ₹50,00,00,000 divided into 5,00,00,000 Equity Shares of ₹10 each. The Present Issued, Subscribed and Paid-up Capital of the Company is ₹25,42,50,000 divided into 2,54,25,000 Equity Shares of ₹10 each.

DE-MERGER OF EPC & VESSEL DIVISION OF HAL OFFSHORE LTD INTO SEAMEC LTD

2.1 With effect from the commencement of business hour on 1st July, 2017, i.e., the Appointed Date, subject to the provisions of the Scheme in relation to the modalities of transfer and vesting, Demerged Business of the Demerged Company, as defined in Clause 1.4 shall stand transferred to and vested in or deemed to be transferred to and vested in the Resulting Company, as a going concern, in the following manner;

2.1.1 The whole of the undertaking and properties of Demerged Business of the Demerged Company shall, without any further act or deed or without payment of any duty, stamp duty, or other charges, stand transferred to and vested in or be deemed to be transferred to and vested in the Resulting Company, pursuant to the provisions contained in sections 230 and 232 of the Companies Act, 2013, and all other applicable provisions, if any, and so as to vest in the Resulting Company, for all rights, title and interest pertaining to the Demerged Business of the Demerged Company.

2.1.2 All debts, liabilities, contingent liabilities, duties and obligations of every kind nature and description of the Demerged Company relating to the Demerged Business shall also, under the provisions of Sections 230 and 232 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to the Resulting Company, so as to become the debts, liabilities, contingent liabilities, duties and obligations of the Resulting Company, and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.

2.1.3 All licenses, permissions, approval, consents or NOCs given by various government and other competent authorities to the Demerged Company in relation to the Demerged Business or otherwise held by the Demerged Company to implement/carry on the Demerged Business shall stand vested in or transferred to the Resulting Company, without any further act or deed, and shall be appropriately mutated by the authorities concerned therewith in favour of the Resulting Company. The benefit of all statutory and regulatory permissions, registration or other licenses, and consents shall vest in and become available to the Resulting Company, pursuant to the Scheme.

2.1.4 The transfer and vesting of the Demerged Business, as aforesaid, shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof pertaining to the Demerged Business to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of Demerged Business.

2.1.5 Without prejudice to the generality of the provisions contained in aforesaid clauses, upon the Scheme becoming effective, the Demerged Company and Resulting Company will file requisite form(s) with the Registrar of Companies for creation, modification and/or satisfaction of charge(s), to the extent required, to give effect to the provisions of this Scheme.

- 2.1.6 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that in accordance with the provisions of relevant laws, consents, permissions, licenses, registrations, certificates, authorities, powers of attorneys given by, issued to or executed in favour of Demerged Business and the rights and benefits under the same and all other interests of the Demerged Business, be without any further act or deed, be transferred to and vested in the Resulting Company.
- 2.1.7 Upon the Scheme coming into effect, all taxes/ cess/ duties, direct and/ or indirect, payable by or on behalf of the Demerged Business of the Demerged Company from the Appointed Date onwards, including all advance tax payments, tax deducted at source, any refunds or claims (including refunds or claims pending with the Revenue Authorities), shall, for all purposes, be treated as the tax/ cess/ duty, liability, advance tax payment, tax deducted at source, refund or claim, as the case may be, of the Resulting Company. The Resulting Company is expressly permitted to claim refunds/ credits in respect of any transaction between the Demerged Business of the Demerged Company and the Resulting Company, if any.
- 2.1.8 Upon the Scheme becoming effective, all un-availed credits and exemptions, statutory benefits, including in respect of Income Tax (including MAT credit), CENVAT, Customs, VAT, Sales Tax, Service Tax, Goods and Services Tax, etc., relating to Demerged Business to which the Demerged Company is entitled to shall be available to and vest in the Resulting Company, without any further act or deed.
- 2.1.9 Upon this Scheme becoming effective, the Demerged Company and the Resulting Company are permitted to revise and file their respective income tax returns, including tax deducted at source certificates, sales tax/ value added tax returns, service tax returns, GST returns and other tax returns for the period commencing on and from the Appointed Date, and to claim refunds/ credits, pursuant to the provisions of this Scheme.
- 2.1.10 Without prejudice to the generality of the above, all benefits, incentives, claims, losses, credits (including, without limitation income tax, service tax, excise duty, applicable state value added tax etc.) to which Demerged Business of the Demerged Company is entitled to in terms of applicable laws, shall be available to and vest in the Resulting Company from the Appointed Date.

2.2 Issue of Shares by the Resulting Company

- 2.2.1 Upon the Scheme finally coming into effect and in consideration of de-merger and vesting of the Demerged Business of the Demerged Company into the Resulting Company, in terms of this Scheme, the Resulting Company, shall, without any further application or deed, issue and allot Share(s), to the Members of the Demerged Company whose names appear in the Register of Members as on the Record Date, in the following ratio:
- a. The Resulting Company will issue 10 (ten) Equity Shares of ₹10 each, credited as fully paid-up, to the shareholders of the Demerged Company for every 30 (thirty) Equity Shares of ₹10 each held in the Demerged Company.
 - b. Further, the Resulting Company will issue 99 (ninety nine) 6% Non-cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹10 each, credited as fully paid-up, to the shareholders of the Demerged Company for every 30 (thirty) Equity Shares of ₹10 each held in the Demerged Company.
- 2.2.2 Any fraction arising out of the aforesaid exchange process as mentioned in clause 2.2.1 above, if any, will be rounded off to nearest whole number.
- 2.2.3 New Equity Shares to be issued by the Resulting Company in terms of clause 2.2.1 'a' above shall be subject to the provisions of the Memorandum and Articles of Association of the Resulting Company. The new Equity Shares to be issued by the Resulting Company shall rank *pari passu* in all respects, including dividend, with the existing Equity Shares of the Resulting Company.
- 2.2.4 Similarly, New Preference Shares to be issued by the Resulting Company in terms of clause 2.2.1 'b' above shall be subject to the provisions of the Memorandum and Articles of Association of the Resulting Company. Preference Shares shall be redeemed in accordance with the

provisions of the Companies Act, 2013, relating to redemption of preference shares, within a period of 20 (twenty) years from the date of issue of such shares at the redemption premium of ₹151 per share. Preference Shares will carry a put and call option available to the Company for an early redemption.

- 2.2.5 The issue and allotment of Equity and Preference Shares by the Resulting Company to the shareholders of the Demerged Company, as provided in this Scheme, is an integral part thereof. The members of the Resulting Company, on approval of the Scheme, shall be deemed to have given their approval under sections 42 & 62 of the Companies Act, 2013, and other applicable provisions, if any, for issue of fresh Shares to the Members of the Demerged Company in terms of this Scheme.*
- 2.2.6 The Resulting Company will issue new Equity Shares, to the Shareholders of the Demerged Company, in dematerialized form only. With regard to the issue of Preference Shares by the Resulting Company pursuant to this Scheme, the same will be issued by way of physical share certificates or in dematerialized form or partially in physical form and partially in dematerialized form as per the instructions of the Stock Exchanges or as requested by the Shareholders of the Demerged Company or as per the decision of the Board of Directors of the Resulting Company, as the case may be.*
- 2.2.7 It is, however, clarified that provisions of this Scheme with regard to issue of shares by the Resulting Company will not apply to the share application money, if any, which may remain outstanding in the Demerged Company.*
- 2.2.8 In terms of the provisions of the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Listing Agreement SEBI Regulations, SEBI Circulars and other applicable provisions, if any, new Equity Shares to be issued by the Resulting Company to the Shareholders of the Demerged Company, pursuant to this Scheme, shall be listed on all the Stock Exchanges on which the Equity Shares of the Resulting Company are presently listed. The Resulting Company will make necessary application(s) to the Stock Exchanges and other competent authorities, if any, for this purpose and will comply with the provisions of the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Listing Agreement SEBI Regulations, SEBI Circulars and other applicable provisions, if any, in this regard. The concerned Stock Exchange(s) and SEBI, shall, on receipt of listing application(s) and other documents, promptly grant necessary approval(s) and list the new Equity Shares issued by the Resulting Company.*
- 2.2.9 In case any Promoters' holding in the Resulting Company and/or new Shares to be issued in the Resulting Company in terms of this Scheme, are placed under lock-in by the Stock Exchange(s), SEBI or any other competent authority pursuant to the provisions of the Listing Agreement and SEBI Regulations; such locked in shares may be transferred within the Promoters Group during such lock-in period.*
- 2.2.10 Shares allotted pursuant to this Scheme may remain frozen in the Depositories system till listing/trading permission is given by the Stock Exchanges. The concerned Company will comply with the applicable provisions in this regard.*
- 2.2.11 The reduction of the paid-up capital, reserves & surplus, etc., as the case may be, of the Demerged Company and Resulting Company, if any, shall be effected as an integral part of the Scheme only. Approval of this Scheme by the Shareholders and/or Creditors of the Demerged Company and the Resulting Company, as the case may be, and sanction by the Tribunal under sections 230 and 232 of the Companies Act, 2013, shall be sufficient compliance with the provisions of sections 66 of the Companies Act, 2013, and other applicable provisions, if any, relating to the reduction of paid up capital and reserves & surplus of the Demerged Company and the Resulting Company, if any. The Order of the Tribunal sanctioning the Scheme shall be deemed to be also the Order under section 66 of the Act for the purpose of confirming the reduction. Such reduction would not involve either the diminution of any liability in respect of un-paid share capital or the payment to any shareholder of any paid-up share capital.*

2.2.12 BSE Ltd will act as the Designated Stock Exchange for the purposes of this Scheme.

2.2.13 Save as provided in this Scheme, the Resulting Company shall increase/modify its Authorized Share Capital for implementing the terms of the Scheme, to the extent necessary.

3.1 OPERATIVE DATE OF THE SCHEME

This Scheme, though operative from the Appointed Date, shall be effective from the Effective Date.

3.2 REMAINING BUSINESS OF THE DEMERGED COMPANY

Remaining Business of the Demerged Company to continue with Demerged Company

3.2.1 *The Remaining Business of the Demerged Company and all the assets including immovable property, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company.*

3.2.2 *All legal and other proceedings by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted in future, whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business of the Demerged Company (including those relating to any property, right, power, liability, obligation or duty, of the Demerged Company in respect of the Remaining Business of the Demerged Company) shall be continued and enforced by or against the Demerged Company.*

3.2.3 *With effect from the Appointed Date and including the Effective Date:*

a. *The Demerged Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Remaining Business of the Demerged Company for and on its own behalf;*

b. *All profit accruing to the Demerged Company thereon or losses arising or incurred by it relating to the Remaining Business of the Demerged Company shall, for all purposes, be treated as the profit, or losses, as the case may be, of the Demerged Company.*

The aforesaid are the salient features/selected extracts of the Scheme of Arrangement. Please read the entire text of the Scheme of Arrangement to get acquainted with the complete provisions of the Scheme.

13. The proposed Scheme of Arrangement is for the benefit of both the Companies, their Shareholders and other stakeholders. It is fair and reasonable and is not detrimental to the interest of the public. It is not prejudicial to any person.

14. Valuation exercise has been carried out to determine the share swap ratio for the proposed Scheme of Arrangement. Independent Valuer-M/s Khandelia & Sharma, Chartered Accountants, New Delhi has prepared the Report on Valuation of Shares and Share Exchange Ratio. The Board of Directors of the Demerged Company and of the Resulting Company based on the Report on Valuation of Shares & Share Exchange Ratio of M/s. Khandelia & Sharma, Chartered Accountants, New Delhi and on the basis of their independent evaluation and judgment, came to the conclusion that the proposed exchange ratio is fair and reasonable to the Shareholders of both the Companies.

A copy of the Report on Valuation of Shares & Share Exchange Ratio of M/s Khandelia & Sharma, Chartered Accountants, New Delhi, giving basis of valuation, valuation methodology and calculations, etc., is enclosed herewith.

15. In terms of the provisions of the SEBI Regulations, a Fairness Opinion was obtained from Turnaround Corporate Advisors Pvt Ltd, a SEBI Registered Category 1 Merchant Banker, on the Report on Valuation of Shares and Share Exchange Ratio of M/s Khandelia & Sharma, Chartered Accountants, New Delhi. Opinion expressed by the aforesaid Merchant Banker is reproduced below:

"Based on the information and data made available to us including the Valuation Report and the proposed Scheme of De-merger and subject to the 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."

A copy of the Fairness Opinion is enclosed herewith.

16. The respective Audit Committee of the Demerged Company and the Resulting Company have reviewed the

Share Valuation Report and proposed Share Exchange Ratio, Rationale of the Scheme and recommended the proposed Scheme of Arrangement to their Board of Directors in their meetings held on 14th November, 2017. The respective Board of Directors of the Demerged Company and the Resulting Company have considered and unanimously approved the proposed Scheme of Arrangement in the respective Board meetings held on 14th November, 2017. All the Directors who were present in the respective Board meetings of the Demerged Company and the Resulting Company (except the interested Directors) have voted in favour of the resolution. None of the Directors voted against or abstained from voting on the resolution for approving the Scheme of Arrangement in the aforesaid meetings.

Detail of participation of the Directors of the Demerged Company and the Resulting Company in the aforesaid Board meetings held for the purpose of the approval of the Scheme of Arrangement and voting by them is given below:

The Demerged Company:

| Sl. No. | Name of Directors | Status of Voting |
|---------|---|---|
| 1. | Mr Vijay Kumar Gupta | Voted in favour of the resolution |
| 2. | Mr Kamal Narayan Rathi | Voted in favour of the resolution |
| 3. | Mr Vineet Saran Agrawal | Voted in favour of the resolution |
| 4. | Mr Naveen Mohta | Voted in favour of the resolution |
| 5. | Ms Divya Mehrotra [Since resigned from the Board with effect from 4 th May, 2018] | Being absent, leave of absence was granted. |

The Resulting Company:

| Sl. No. | Name of Directors | Status of Voting |
|---------|---------------------------|--|
| 1. | Mr Mahesh Prasad Mehrotra | Voted in favour of the resolution |
| 2. | Mr Surinder Singh Kohli | Voted in favour of the resolution |
| 3. | Mr Sanjeev Agrawal | Being an interested Director, did not participate in the discussion and voting on the item pertaining to the approval of the Scheme of Arrangement |
| 4. | Mr Amarjit Singh Soni | Being absent, leave of absence was granted |
| 5. | Ms Seema Jayesh Modi | Voted in favour of the resolution |
| 6. | Mr Naveen Mohta | Voted in favour of the resolution |
| 7. | Mr Subrat Das | Voted in favour of the resolution |

17. In terms of the provisions of the SEBI Regulations, the Company has filed requisite application(s) along with the Draft Scheme of Arrangement and other documents with BSE Limited (Bombay Stock Exchange/BSE) and National Stock Exchange of India Limited (NSE) to obtain their No Objection to the proposed Scheme of Arrangement.
18. As required by the SEBI Regulations, the Company has filed Complaint Reports dated 24th January, 2018, (indicating NIL Complaints) with BSE and NSE. After filing of Complaint Report, the Company has not received any complaint from any investors. Copies of Complaint Reports filed with BSE and NSE are enclosed herewith.
19. The Company has received no-objection/observation to the Scheme of Arrangement from BSE Limited (the Designated Stock Exchange for the purpose of the present Scheme) vide its observation letter dated 15th May, 2018, and National Stock Exchange of India Limited vide its observation letter dated 16th May, 2018. A copy each of the Observation Letters received from BSE and NSE are enclosed herewith.

- a. Relevant extracts from the Observation Letter issued by BSE is reproduced below:

"In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the Scheme with Hon'ble NCLT. Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017."

- b. Relevant extracts from the Observation Letter issued by NSE is reproduced below:

"Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of regulation 11 of SEBI (LODR) Regulation, 2015, we hereby convey our "No-objection" in terms of regulation 94 of SEBI (LODR) Regulation, 2015, so as to enable the Company to file the draft scheme with NCLT."

20. Notices of the separate meetings of Shareholders, Secured Creditors and Un-secured Creditors of the Demerged Company and of the Resulting Company scheduled to be convened under the supervision of the Hon'ble National Company Law Tribunal, the Explanatory Statement and other papers of these meetings have also been approved unanimously, by the respective Board of Directors of the Demerged Company and of the Resulting Company in the Board meetings held on 13th August, 2018.

21. The present Scheme of Arrangement, if approved in the respective meetings of Shareholders, Secured Creditors and Un-secured Creditors of the HAL Offshore Ltd (Demerged Company) and Seamec Ltd (Resulting Company), will be subject to the subsequent approval of the Hon'ble National Company Law Tribunal, Mumbai Bench, Mumbai. No specific approval is required to be obtained from any other government authority to the present Scheme of Arrangement.

22. No proceeding or inspection, inquiry or investigation under the provisions of the Companies Act, 2013, or under the provisions of the Companies Act, 1956, is pending against the Demerged Company or the Resulting Company.

23. Effect of the Scheme on the Promoters, Directors, Shareholders, etc.:

23.1 Promoters and Directors of the Demerged Company and the Resulting Company are deemed to be interested in the proposed Scheme of Arrangement to the extent of their shareholding in, loan given to and remuneration drawn from, as the case may be, the respective Companies. The proposed Scheme of Arrangement does not have any effect on their interest different from that of the interest of other shareholders, creditors and employees of these Companies. Similarly, Key Managerial Personnel (KMP) of the Demerged Company and the Resulting Company may also be deemed to be interested in the proposed Scheme to the extent of their shareholding in, loan given to and remuneration drawn from, as the case may be, the respective Companies.

23.2 The proposed Scheme of Arrangement would not have any effect on the material interest of the Promoters, Directors and Key Managerial Personnel of the Demerged Company and the Resulting Company different from that of the interest of other shareholders, creditors and employees of these Companies.

23.3 The proposed Scheme of Arrangement does not envisage any corporate debt restructuring. There is no proposal to restructure or vary the debt obligation of the Demerged Company or the Resulting Company towards their respective creditors. The proposed Scheme of Arrangement will not adversely affect the rights of any of the creditors of the Demerged Company or of the Resulting Company in any manner whatsoever.

23.4 The proposed Scheme of Arrangement will not have any adverse effect on the secured creditors, un-secured creditors, employees and other stakeholders, if any, of the Demerged Company or of the Resulting Company.

24. Detail of present Shareholding of the Directors and Key Managerial Personnel of the Demerged Company, in the Demerged Company and in the Resulting Company either singly or jointly or as nominee, is given below:

| Sl. No. | Name of Director/KMP | Designation | No. of Equity Shares held | |
|---------|----------------------|----------------------|---------------------------|-------------------|
| | | | Demerged Company | Resulting Company |
| 1. | Vijay Kumar Gupta | Independent Director | Nil | Nil |
| 2. | Vineet Saran Agrawal | Whole time Director | Nil | Nil |
| 3. | Kamal Narayan Rathi | Whole time Director | Nil | Nil |
| 4. | Naveen Mohta | Whole time Director | Nil | Nil |
| 5. | Subrat Das | CFO | Nil | Nil |
| 6. | Sheetal Bansal | Company Secretary | Nil | Nil |

25. Detail of present Shareholding of the Directors and Key Managerial Personnel of the Resulting Company, in the Resulting Company and in the Demerged Company either singly or jointly or as nominee, is given below:

| Sl. No. | Name of Director/KMP | Designation | No. of Equity Shares held | |
|---------|------------------------|----------------------|---------------------------|------------------|
| | | | Resulting Company | Demerged Company |
| 1. | Sanjeev Agrawal | Chairman | Nil | 24,30,840 |
| 2. | Naveen Mohta | Whole time Director | Nil | Nil |
| 3. | Subrat Das | Director | Nil | Nil |
| 4. | Surinder Singh Kohli | Independent Director | Nil | Nil |
| 5. | Amarjit Singh Soni | Independent Director | Nil | Nil |
| 6. | Seema Jayesh Modi | Independent Director | Nil | Nil |
| 7. | Mahesh Prasad Mehrotra | Independent Director | Nil | Nil |
| 8. | Virendra Kumar Gupta | CFO | Nil | Nil |
| 9. | S. N. Mohanty | Company Secretary | Nil | Nil |

26. Pre-Scheme Capital Structure of the Demerged Company is given below:

| Particulars | No. of Shares (of ₹10 each) | Amount (₹) |
|---|-----------------------------|--------------|
| Present Issued, Subscribed and Paid-up Equity Share Capital of the Demerged Company | 1,48,73,780 | 14,87,37,800 |

27. No new shares will be issued in the Demerged Company. Hence, there will not be any change in the post-Scheme Capital Structure of the Demerged Company.

28. Pre-Scheme Capital Structure of the Resulting Company is given below:

| Particulars | No. of Shares (of ₹10 each) | Amount (₹) |
|--|-----------------------------|--------------|
| Present Issued, Subscribed and Paid-up Equity Share Capital of the Resulting Company | 2,54,25,000 | 25,42,50,000 |

29. Post-Scheme Capital Structure of the Resulting Company is given below:

| Particulars | No. of Shares (of ₹10 each) | Amount (₹) |
|--|-----------------------------|---------------------|
| Post Scheme Issued, Subscribed and Paid-up Share Capital of the Resulting Company: | | |
| Equity Share Capital | 3,03,82,926 [#] | 30,38,29,260 |
| 6% Non-cumulative Compulsorily Redeemable Preference Shares (CRPS) | 4,90,83,474 [#] | 49,08,34,740 |
| Total (Equity and Preference Shares) | 7,94,66,400 | 79,46,64,000 |

[#] Any fraction arising out of the exchange process, if any, will be rounded off to nearest whole number. Accordingly, there may be minor change in final numbers.

30. Pre & Post Scheme Shareholding Pattern of the Demerged Company is given below:

| Sl. No. | Category | Pre- & Post Scheme [#] | |
|----------|--|---|---------------|
| | | No. of fully paid up equity shares of ₹ 10 each | % |
| A | Promoter & Promoter Group | | |
| 1 | Indian | | |
| (a) | Individual/Hindu Undivided Family | 6042240 | 40.62 |
| (b) | Central Government/State Government(s) | 0 | 0.00 |
| (c) | Financial Institutions/Banks | 0 | 0.00 |
| (d) | Any Other (Specify) - Body Corporate | 8831540 | 59.38 |
| | Sub Total (A)(1) | 14873780 | 100.00 |
| 2 | Foreign | | |
| (a) | Individual/Non Resident Individual/Foreign Individual | 0 | 0.00 |
| (b) | Government | 0 | 0.00 |
| (c) | Institutions | 0 | 0.00 |
| (d) | Foreign Portfolio Investor | 0 | 0.00 |
| (e) | Any Other (Specify) | 0 | 0.00 |
| | Sub Total (A)(2) | 0 | 0.00 |
| | Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2) | 14873780 | 100.00 |
| B | Public Shareholding | | |
| 1 | Institutions | | |
| (a) | Mutual Fund | 0 | 0.00 |
| (b) | Venture Capital Funds | 0 | 0.00 |
| (c) | Alternate Investment Funds | 0 | 0.00 |
| (d) | Foreign Venture Capital Investor | 0 | 0.00 |
| (e) | Foreign Portfolio Investors | 0 | 0.00 |

| Sl. No. | Category | Pre- & Post Scheme# | |
|----------|---|---|---------------|
| | | No. of fully paid up equity shares of ₹ 10 each | % |
| (f) | Financial Institutions/Banks | 0 | 0.00 |
| (g) | Insurance Companies | 0 | 0.00 |
| (h) | Provident Fund/Pension Funds | 0 | 0.00 |
| (i) | Any Other Specify | 0 | 0.00 |
| | Foreign Institutional Investor | 0 | 0.00 |
| | Sub Total (B) (1) | 0 | 0.00 |
| 2 | Central Government/State Government/President of India | 0 | 0.00 |
| | Central Government/State Government/President of India | 0 | 0.00 |
| | Sub Total (B) (2) | 0 | 0.00 |
| 3 | Non-Institutions | | |
| (a) | 1. Individual Shareholders holding Nominal Share Capital Up to ₹ 2 Lacs | 0 | 0.00 |
| | 2. Individual Shareholders holding Nominal Share Capital Above ₹ 2 Lacs | 0 | 0.00 |
| (b) | NBFCs Registered with RBI | 0 | 0.00 |
| (c) | Employee Trusts | 0 | 0.00 |
| (d) | Overseas Depositories (Holding DRs) (Balancing Figure) | 0 | 0.00 |
| (e) | Any other - (Body Corporate)(Specify) | 0 | 0.00 |
| | Sub Total (B) (3) | 0 | 0.00 |
| | Total Public Shareholding (B) = (B) (1) + (B) (2) + (B) (3) | 0 | 0.00 |
| | TOTAL (A+B) | 14873780 | 100.00 |

Since no new shares will be issued in the Demerged Company, there will not be any change in the post-Scheme Shareholding Pattern of the Demerged Company.

31. Pre & Post Scheme Shareholding Pattern of the Resulting Company is given below:

| Sl. No. | Category | Pre Scheme* | | Post Scheme | | Post Scheme | |
|----------|--------------------------------------|-----------------------------------|------|-----------------------------------|------|--|-------|
| | | No. of equity shares of ₹ 10 each | % | No. of equity shares of ₹ 10 each | % | No. of 6% Non-cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 10 each | % |
| A | Promoter & Promoter Group | | | | | | |
| 1 | Indian | | | | | | |
| (a) | Individual/Hindu Undivided Family | 0 | 0.00 | 2014080 | 6.63 | 19939392 | 40.62 |

| SI. No. | Category | Pre Scheme* | | Post Scheme | | Post Scheme | |
|----------|--|-----------------------------------|--------------|-----------------------------------|--------------|--|---------------|
| | | No. of equity shares of ₹ 10 each | % | No. of equity shares of ₹ 10 each | % | No. of 6% Non-cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 10 each | % |
| (b) | Central Government/ State Government(s) | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| (c) | Financial Institutions/ Banks | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| (d) | Any Other (Specify) - Body Corporate | 17687475 | 69.57 | 20631321 | 67.90 | 29144082 | 59.38 |
| | Sub Total (A) (1) | 17687475 | 69.57 | 22645401 | 74.53 | 49083474 | 100.00 |
| 2 | Foreign | | | | | | |
| (a) | Individual/Non Resident Individual/ Foreign Individual | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| (b) | Government | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| (c) | Institutions | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| (d) | Foreign Portfolio Investor | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| (e) | Any Other (Specify) | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| | Sub Total (A) (2) | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| | Total Shareholding of Promoter and Promoter Group (A) = (A) (1) + (A) (2) | 17687475 | 69.57 | 22645401 | 74.53 | 49083474 | 100.00 |
| B | Public Shareholding | | | | | | |
| 1 | Institutions | | | | | | |
| (a) | Mutual Fund | 4200 | 0.02 | 4200 | 0.01 | 0 | 0.00 |
| (b) | Venture Capital Funds | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| (c) | Alternate Investment Funds | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| (d) | Foreign Venture Capital Investor | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| (e) | Foreign Portfolio Investors | 837000 | 3.29 | 837000 | 2.75 | 0 | 0.00 |
| (f) | Financial Institutions/ Banks | 110195 | 0.43 | 110195 | 0.36 | 0 | 0.00 |
| (g) | Insurance Companies | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| (h) | Provident Fund/ Pension Funds | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| (i) | Any Other Specify | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| | Foreign Institutional Investor | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| | Sub Total (B) (1) | 951395 | 3.74 | 951395 | 3.74 | 0 | 0.00 |

| SI. No. | Category | Pre Scheme* | | Post Scheme | | Post Scheme | |
|---------|---|-----------------------------------|---------------|-----------------------------------|---------------|--|---------------|
| | | No. of equity shares of ₹ 10 each | % | No. of equity shares of ₹ 10 each | % | No. of 6% Non-cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 10 each | % |
| 2 | Central Government/ State Government/ President of India | 5601 | 0.02 | 5601 | 0.02 | 0 | 0.00 |
| | Sub Total (B)(2) | 5601 | 0.02 | 5601 | 0.02 | 0 | 0.00 |
| 3 | Non-Institutions | | | | | | |
| (a) | 1. Individual Shareholders holding Nominal Share Capital Up to ₹ 2 Lacs | 2516656 | 9.90 | 2516656 | 8.28 | 0 | 0.00 |
| | 2. Individual Shareholders holding Nominal Share Capital Above ₹ 2 Lacs | 1574372 | 6.19 | 1574372 | 5.18 | 0 | 0.00 |
| (b) | NBFCs Registered with RBI | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| (c) | Employee Trusts | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| (d) | Overseas Depositories (Holding DRs) (Balancing Figure) | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| (e) | Any other | 2689501 | 10.58 | 2689501 | 8.85 | 0 | 0.00 |
| | Sub Total (B)(3) | 6780529 | 26.67 | 6780529 | 22.32 | 0 | 0.00 |
| | Total Public Shareholding (B) = (B)(1)+(B)(2) + (B)(3) | 7737525 | 30.43 | 7737525 | 25.47 | 0 | 0.00 |
| | TOTAL (A+B) | 25425000 | 100.00 | 30382926 | 100.00 | 49083474 | 100.00 |

* As on last quarter ended June 30, 2018.

32. A copy of the Scheme of Arrangement is being filed with the concerned Registrar of Companies.
33. Copies of the Audited Financial Statements of the Demerged Company and Resulting Company for the year ended 31st March, 2018, along with the Auditors' Reports thereon, are enclosed herewith.
34. Total amount due to Un-secured Creditors (including statutory and other dues, etc.), as per the Audited Financial Statements for the year ended 31st March, 2018, is given below:

| SI. No. | Total amount due to Un-secured Creditors in | Amount ₹ |
|---------|---|-------------------|
| 1. | Demerged Company - HAL Offshore Ltd | 83,72,69,554 |
| 2. | Resulting Company- Seamec Ltd | 1,28,28,11,035.69 |

- 35.** The following documents will be available for inspection or for obtaining extracts from or for making or obtaining copies of, by the members and creditors at the registered office of the Demerged Company and of the Resulting Company on any working day of the concerned Company from the date of this notice till the date of meeting between 11.00 A.M. to 4.00 P.M.:
- i. The Memorandum and Articles of Association of the Demerged Company and of the Resulting Company.
 - ii. The Audited Financial Statements of the Demerged Company and the Resulting Company for the last 3 years ended 31st March, 2015, 31st March, 2016 and 31st March, 2017.
 - iii. Latest Audited Financial Statements of the Demerged Company for the year ended 31st March, 2018.
 - iv. Latest Audited Financial Statements of the Resulting Company for the year ended 31st March, 2018.
 - v. Register of Particulars of Directors and KMP and their Shareholding, of the Demerged Company and the Resulting Company.
 - vi. Order dated 20th July, 2018, passed by the Hon'ble National Company Law Tribunal, Mumbai Bench, Mumbai, in the joint Company Application No. CA (CAA) 626 of 2018 filed by the Demerged Company and the Resulting Company, in pursuance of which the aforesaid meetings are scheduled to be convened.
 - vii. Paper Books and proceedings of the joint Company Application No. CA (CAA) 626 of 2018, filed before the Hon'ble National Company Law Tribunal, Mumbai Bench, Mumbai.
 - viii. Report on Valuation of Shares & Share Exchange Ratio dated 14th November, 2017, issued by M/s Khandelia & Sharma, Chartered Accountants, New Delhi.
 - ix. Fairness Opinion dated 14th November, 2017, issued by Turnaround Corporate Advisors Pvt Ltd, SEBI Registered Category 1 Merchant Bankers.
 - x. Complaint Reports dated 24th January, 2018, filed with BSE and NSE.
 - xi. Observation Letters dated 15th May, 2018, and 16th May, 2018, issued by BSE and NSE, respectively, conveying their No-Objection to the Scheme of Arrangement.
 - xii. Copy of the Certificate issued by the Statutory Auditors of the Demerged Company and the Resulting Company to the effect that the accounting treatment proposed in the Scheme of Arrangement is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013.
 - xiii. Copy of the proposed Scheme of Arrangement.
 - xiv. Applicable information of HAL Offshore Ltd in the format specified for Abridged Prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, along with the Certificate issued by Turnaround Corporate Advisors Pvt Ltd, SEBI Registered Category 1 Merchant Bankers.
- 36.** A copy of the Scheme of Arrangement, Explanatory Statement, Form of Proxy, Attendance Slip and other annexures may be obtained free of charge on any working day (except Saturday) prior to the date of meeting(s), from the registered office of the Demerged Company and the Resulting Company or from the office of their Legal Counsel- Mr Rajeev K Goel, Advocate, M/s Rajeev Goel & Associates, Advocates and Solicitors, 785, Pocket-E, Mayur Vihar-II, Delhi Meerut Expressway/ NH-24, Delhi-110 091, India, Mobile: 093124 09354, e-mail: rajeev391@gmail.com. The aforesaid documents are also placed on the websites of the Demerged Company: www.haloffshore.in and the Resulting Company: www.seamec.in.
- 37.** Please note that Shareholders, Secured Creditors and Un-secured Creditors of the Demerged Company and the Resulting Company may attend and vote in the respective meeting either in person or by proxies. Proxies need not be a member/creditor of the concerned Demerged Company and/or the Resulting Company. In addition to the above, Shareholders of the Resulting Company may also vote through electronic means. Instructions for voting through electronic means is being sent along with the notice of meeting of the Shareholders.
- 38.** Additionally, a Resolution is proposed to be passed only by the Public Shareholders of the Resulting Company through Postal Ballot and e-voting, as specified in the Notice of Postal Ballot which is annexed to the Notice of the Meeting of Shareholders of the Resulting Company, to consider and, if thought fit, approve, with or without modifications, the proposed Scheme of Arrangement. The present Explanatory Statement may also be treated for the purpose of the said Postal Ballot and e-voting.

Dated this 13th August, 2018

For and on behalf of the Board of Directors
For HAL Offshore Ltd

Sd/-
Kamal Narayan Rathi
Director
DIN: 06994787

For and on behalf of the Board of Directors
For Seamec Ltd

Sd/-
S N Mohanty
President–Corporate Affairs, Legal & Company
Secretary
PAN: ACM PM 7077 M

Sd/-

Seema Jayesh Modi

Chairperson of the meetings of Shareholders, Secured Creditors and Un-secured Creditors of
HAL Offshore Ltd and Seamec Ltd

**SCHEME OF ARRANGEMENT
BETWEEN
HAL OFFSHORE LTD
AND
SEAMEC LTD**

AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS UNDER SECTIONS 230, 232 & 66 OF THE COMPANIES ACT, 2013

A. Preamble

- I. HAL Offshore Ltd (HAL/the Demerged Company) 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. Over the years HAL has developed a diversified portfolio for undertaking turnkey projects involving sub-sea and marine services as an EPC contractor. These services are certified by independent agencies like American Bureau of Shipping (ABS), DNV, and LR as per requirement of the client. Recently, HAL has also diversified in Onshore EPC contracts for processing of Natural Gas in Tamil Nadu, erection and installation of ETP plants in Assam and erection and installation of Gas station and Water purification systems in Gujarat. HAL has now become an oil and gas service operator catering to the complete needs of both Offshore and Onshore requirement of Oil and Gas Major in India, especially ONGC, Oil India and Cairns. HAL has also made investments in real estate, shares and other securities. The Company has, over the years, built up an impressive portfolio of securities investment. Hence, the Demerged Company has two distinct businesses, viz., EPC & Vessel Division and Investment Division.
- II. Seamec Ltd (Seamec/the Resulting Company) is one of the largest provider of Diving Support Vessel globally, having a fleet of 04 no's DSV, One Support Vessel and One Handy mix Bulk Carrier. Seamec has unrivalled experience in the ongoing subsea inspection, repair, maintenance and light construction required for the efficient and productive support of offshore oil production. Seamec has made its presence felt in Middle East, South East Asia, West Africa and Gulf of Mexico. Seamec's area of activities also extended to execution of many underwater diving projects with Oil companies and Contractors across the globe. Seamec vessels are ISPS certified and follow the best practices. They are equipped with fire-fighting and pollution prevention equipment's which are certified by International and Indian certification authority.
- III. The Group Management has decided to consolidate the vessel charter and other related business of both these Companies into the listed Resulting Company. The Demerged Company is also providing Offshore and Onshore turnkey project services as EPC Contractor. To diversify the business portfolio of the Listed Resulting Company, the Management is also proposing to demerged the EPC business and other related activities into the Resulting Company.

B. Detailed Rationale of the Scheme

- i. The Resulting Company is a subsidiary of the Demerged Company. The proposed demerger of EPC & Vessel Division of HAL Offshore Ltd into Seamec Ltd would result in business synergy, consolidation of entire vessel charter business of both the Companies into the Listed Resulting Company, pooling off the resources of these Companies and would enable the Resulting Company to diversify into lucrative EPC Business.
- ii. The Demerged Company/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. Over the years HAL has developed a diversified portfolio for undertaking turnkey projects involving sub-sea and marine services as an EPC contractor. These services are certified by independent agencies like American Bureau of Shipping (ABS), DNV, and LR as per requirement of the client. Recently, HAL has also diversified in Onshore EPC contracts for processing of Natural Gas in Tamil Nadu, erection and installation of ETP plants in Assam and erection and installation of Gas station and Water purification systems in Gujarat. The Demerged Company

has now become an oil and gas service operator catering to the complete needs of both Offshore and Onshore requirement of all Oil and Gas Major in India, especially ONGC, Oil India and Cairns. The Demerged Company has also made investments in real estate, shares and other securities. The Company has, over the years, built up an impressive portfolio of real estate and securities. Hence, the Demerged Company has two distinct businesses, viz., EPC & Vessel Division and Investment Division.

- iii. The Resulting Company/Seamec is one of the 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. Seamec has unrivalled experience in the ongoing subsea inspection, repair, maintenance and light construction required for the efficient and productive support of offshore oil production. Seamec has made its presence felt in Middle East, South East Asia, West Africa and Gulf of Mexico. Seamec's area of activities also extended to execution of many underwater diving projects with Oil companies and Contractors across the globe. Seamec vessels are ISPS certified and follow the best practices. They are equipped with fire-fighting and pollution prevention equipment's which are certified by International and Indian certification authority.
 - iv. As mentioned above, 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 the Resulting Company is primarily engaged in chartering and operation of diving support and utility vessels 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 business of the Demerged Company will also be vested into the Resulting Company.
 - v. The proposed de-merger will enable the 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.
 - vi. It will impart better management focus, will facilitate administrative convenience and will ensure optimum utilization of manpower and various other resources by these Companies.
 - vii. The proposed de-merger 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.
 - viii. Shareholders of the listed Resulting Company are expected to have better prospects with regard to return and appreciation on their investments in the Resulting Company. The Post Scheme the Resulting Company will be able to augment resources at better terms.
 - ix. The proposed De-merger will have beneficial impact on the Demerged Company and the Resulting Company, their employees, shareholders and other stakeholders and all concerned.
 - x. With a view to achieve greater management focus and keeping in mind the paramount and overall interest of the shareholders, the Board of Directors of the Demerged Company and the Resulting Company considered that a Scheme of Arrangement for De-merger would be the most appropriate methodology.
- C. Accordingly, the present Scheme of Arrangement is proposed under sections 230, 232 and 66 of the Companies Act, 2013 and other relevant provisions, if any, for De-Merger of EPC & Vessel Division of Hal Offshore Ltd into Seamec Ltd on going concern basis and other connected matters. The Board of Directors and the Management of these Companies are of the opinion that the proposed arrangement is in the best interest of these Companies and their stakeholders.

D. Parts of the Scheme of Arrangement:

This Scheme provides for matters connected with the aforesaid arrangement and de-merger. Accordingly, this Scheme is divided into the following parts:

- a. **Part-1** which deals with the Definitions and Share Capital;
- b. **Part-2** which deals with De-merger of EPC & Vessel Division of HAL Offshore Ltd into Seamec Ltd;
- c. **Part-3** which deals with the Accounting Treatment;
- d. **Part-4** which deals with the General Clauses; and
- e. **Part-5** which deals with Other Terms and Conditions.

PART 1

DEFINITIONS AND SHARE CAPITAL

DEFINITIONS

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning as under:

- 1.1 "Act"** means the Companies Act, 2013 (18 of 2013), the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the National Company Law Tribunal Rules, 2016, and any other Rules made there under, as the case may be applicable; and the Companies Act, 1956 (1 of 1956), to the extent applicable, if any.
- 1.2 "Appointed Date"** means commencement of business hour on 1st July, 2017, or such other date as the Hon'ble National Company Law Tribunal or any other competent authority may approve.
- 1.3 "Board of Directors"** in relation to the Demerged Company and the Resulting Company, as the case may be, shall, unless it is repugnant to the context or otherwise, include a Committee of Directors or any person authorised by the Board of Directors or such Committee of Directors.
- 1.4 "Demerged Business"** means EPC & Vessel Division Business of HAL Offshore Ltd (the Demerged Company) which is proposed to be De-merged into Seamec Ltd (the Resulting Company) and includes the business/undertaking comprising of:
 - 1.4.1 All assets (whether movable or immovable, real or personal, corporeal or incorporeal, present future or contingent, tangible or intangible) of EPC & Vessel Division (the Demerged Business) wherever situated pertaining thereto.
 - 1.4.2 All present and future liabilities (including contingent liabilities) arising out of the activities or operations of the Demerged Business, including loans, debts, current liabilities and provisions, duties and obligations relatable to the Demerged Business.
 - 1.4.3 Without prejudice to the generality of the above, Demerged Business shall include in particular.
 - a. All EPC & Vessel Division and all other properties and assets of the Demerged Business wherever situated;
 - b. All rights, entitlements and other statutory permissions, approvals, consents, licenses, registrations, the benefits of all contracts including all customer contracts, agreements, vendor codes, approved tenders, past experience and credentials, business track record, and all other rights including leasehold rights if any, goodwill, intellectual property, investment, cash balances, the benefit of any deposit, financial assets, funds belonging to or proposed to be utilized for the Demerged Business, bank balances and bank accounts relating to the day to day operations and specific to the working of the Demerged Business; and all other fiscal and non fiscal incentives, benefits and privileges which are available to or being availed by the Demerged Company or which the Demerged Company may be entitled to at any time for its Demerged Business, shall be continued to be available in the Resulting Company for the Demerged Business after the proposed De-merger;
 - c. All records, files, papers, computer programs, manuals, data and other records, whether in physical form or electronic form in connection with or relating to the Demerged Business;
 - d. All duties and obligations, which are relatable to the Demerged Business;
 - e. All advance money, earnest moneys and/or security deposits, bank guarantee, if any, paid or received by the Demerged Company in connection with or relating to the Demerged Business;
 - f. All trademarks, trade names, service marks, patents and domain names, copyrights, industrial designs, product registrations and other intellectual property including but not limited to all intellectual property and all other interests exclusively relating to the goods or services being dealt with by the Demerged Company with regard to the Demerged Business, but shall not include any assets or liabilities relating to the Remaining Business of the Demerged Company.

1.4.4 For the purpose of this scheme, it is clarified that liabilities pertaining to the Demerged Business include:

- a. The liabilities, which arise out of the activities or operations of the Demerged Business;
- b. Specific loans and borrowings raised, incurred and utilized solely for the respective activities or operation of the Demerged Business;

1.4.5 All employees of the Demerged Company employed in the Demerged Business, as identified by the Board of Directors of the Demerged Company, as on the Effective Date;

1.4.6 Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Demerged Business or whether it arises out of the activities or operations of the Demerged Business shall be decided by the Board of Directors of the Demerged Company.

Performa Balance Sheet of the EPC & Vessel Division Business of the Demerged Company as on the appointed date is set out in Schedule-1.

1.5 “Demerged Company” means **HAL Offshore Ltd** being a company incorporated under the provisions of the Companies Act, 1956, and having its registered office at 32, Corporate Avenue, 4th Floor, B Wing, Near Paper Box Industry, Off Mahakali Caves Road, Andheri East, Mumbai-400 093, Maharashtra; e-mail id: info@haloffshore.com; Website: www.haloffshore.in.

HAL Offshore Ltd [Corporate Identification No. (CIN): U 24298 MH 1996 PLC 310098; Income Tax Permanent Account No. (PAN): AAA CH 3144 B] (hereinafter referred to as “the Demerged Company/the Company”) was originally incorporated under the provisions of the Companies Act, 1956, as a public limited company with the name and style as ‘Himachal Alkalies Ltd’ vide Certificate of Incorporation dated 17th December, 1996 issued by the Registrar of Companies, Delhi & Haryana, New Delhi. The Company was issued Certificate for Commencement of Business dated 27th December, 1996 by the Registrar of Companies, Delhi & Haryana, New Delhi. Name of the Company was changed to ‘HAL Offshore Ltd’ vide Fresh Certificate of Incorporation dated 4th September, 2000 issued by the Registrar of Companies, New Delhi. Registered Office of the Company was shifted from the NCT of Delhi to the State of Maharashtra as approved by the Hon’ble Regional Director, Northern Region, Ministry of Corporate Affairs, New Delhi vide Order dated 13th February, 2018. The Registrar of Companies, Maharashtra, registered the aforesaid order of the Hon’ble Regional Director, and allotted a new CIN to the Company on 29th May, 2018.

1.6 “Effective Date” means last of the dates on which the certified copies of the Order(s) passed by the Hon’ble National Company Law Tribunal, sanctioning the Scheme of Arrangement, are filed with the concerned Registrar of Companies, Ministry of Corporate Affairs.

1.7 “National Company Law Tribunal” means appropriate Bench(es) of the Hon’ble National Company Law Tribunal constituted under the Companies Act, 2013, having territorial jurisdiction to sanction the present Scheme and other connected matters. The National Company Law Tribunal has been referred to as the Tribunal/NCLT.

1.8 “Record Date” means the date to be fixed by the Board of Directors of the Demerged Company with reference to which the eligibility of the shareholders of the Demerged Company for allotment of shares in the Resulting Company in terms of this Scheme, shall be determined.

1.9 “Registrar of Companies” means concerned Registrar of Companies, Ministry of Corporate Affairs having jurisdiction under the Companies Act, 2013, and other applicable provisions, if any, on the respective Companies.

1.10 “Remaining Business of the Demerged Company” means all assets and liabilities including immovable property, undertakings, businesses, activities and operations of the Demerged Company other than the Demerged Business.

1.11 “Resulting Company” means **Seamec Ltd** being a company incorporated under the provisions of the Companies Act, 1956, and having its registered office at A-901-905, 9th Floor, Atrium, 215, Andheri Kurla Road, Andheri East, Mumbai-400 093, e-mail id: contact@seamec.in; Website: www.seamec.in.

1.12 The Resulting Company- Seamec Ltd [Corporate Identification No. (CIN): L 63032 MH 1986 PLC 154910; Income Tax Permanent Account No. (PAN): AAB CP 8214 H] (hereinafter referred to as “the Resulting Company/the Company”) was originally incorporated under the provisions of the Companies Act, 1956, as a private limited company with the name and style as ‘Peerless Leasing Pvt Ltd’ vide Certificate of

Incorporation dated 29th December, 1986, issued by the Registrar of Companies, West Bengal, Kolkata. Name of the Company was changed to 'Peerless Drive Pvt Ltd' vide Fresh Certificate of Incorporation dated 8th July, 1987, issued by the Registrar of Companies, West Bengal. The Company became a deemed public company and name of the Company was changed to 'Peerless Drive Ltd' by deleting the word 'Private' from its name vide endorsement made in the Certificate of Incorporation by the ROC, West Bengal, on 12th December, 1988. Name of the Company was changed to 'Peerless Shipping and Oilfield Services Ltd' vide Fresh Certificate of Incorporation dated 25th August, 1994 issued by the Registrar of Companies, West Bengal. Name of the Company was again changed to 'South East Asia Marine Engineering & Construction Ltd' vide Fresh Certificate of Incorporation dated 11th August, 2000 issued by the Registrar of Companies, West Bengal. Registered Office of the Company was shifted from the State of West Bengal to the State of Maharashtra as approved by the Hon'ble Company Law Board, Eastern Region Bench, Kolkata vide Order dated 14th June, 2005. The Registrar of Companies, Maharashtra, registered the aforesaid order on 20th July, 2005 and allotted a new CIN to the Company. Name of the Company was changed to its present name 'Seamec Ltd' vide Fresh Certificate of Incorporation dated 12th June, 2007 issued by the Registrar of Companies, Maharashtra, Mumbai.

1.13 "Scheme" means the present Scheme of Arrangement framed under the provisions of sections 230, 232 & section 66 of the Companies Act, 2013, the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions, if any, where under EPC & Vessel Division of the Demerged Company are proposed to be de-merged into the Resulting Company, in the present form or with any modification(s) approved or imposed or directed by Members/Creditors of these Companies and/or by any competent authority and/or by the Hon'ble National Company Law Tribunal or that may otherwise be deemed fit by these Companies.

1.14 SHARE CAPITAL

- 1.14.1 The present Authorised Share Capital of the Demerged Company is ₹25,00,00,000 divided into 2,50,00,000 Equity Shares of ₹10 each. The Present Issued, Subscribed and Paid-up Capital of the Company is ₹14,87,37,800 divided into 1,48,73,780 Equity Shares of ₹10 each.
- 1.14.2 The present Authorised Share Capital of the Resulting Company is ₹50,00,00,000 divided into 5,00,00,000 Equity Shares of ₹10 each. The Present Issued, Subscribed and Paid-up Capital of the Company is ₹25,42,50,000 divided into 2,54,25,000 Equity Shares of ₹10 each.
- 1.14.3 The Demerged Company is a closely held public limited un-listed company. The Resulting Company, on the other hand, is a public limited listed company. Equity Shares of the Resulting Company are listed on BSE Limited (Bombay Stock Exchange/BSE) and National Stock Exchange of India Limited (NSE). As on 30th September, 2017, the Demerged Company is holding about 69.57% of paid up Equity Share Capital of the Resulting Company. Accordingly, the Resulting Company is a subsidiary of the Demerged Company. Both the Companies are under common management and control. The Scheme of Arrangement will not result in change in management in any of these Companies.

PART 2

DE-MERGER OF EPC & VESSEL DIVISION OF HAL OFFSHORE LTD INTO SEAMEC LTD

- 2.1 With effect from the commencement of business hour on 1st July, 2017, i.e., the Appointed Date, subject to the provisions of the Scheme in relation to the modalities of transfer and vesting, Demerged Business of the Demerged Company, as defined in Clause 1.4 shall stand transferred to and vested in or deemed to be transferred to and vested in the Resulting Company, as a going concern, in the following manner;
- 2.1.1 The whole of the undertaking and properties of Demerged Business of the Demerged Company shall, without any further act or deed or without payment of any duty, stamp duty, or other charges, stand transferred to and vested in or be deemed to be transferred to and vested in the Resulting Company, pursuant to the provisions contained in sections 230 and 232 of the Companies Act, 2013, and all other applicable provisions, if any, and so as to vest in the Resulting Company, for all rights, title and interest pertaining to the Demerged Business of the Demerged Company.
- 2.1.2 All debts, liabilities, contingent liabilities, duties and obligations of every kind nature and description of the Demerged Company relating to the Demerged Business shall also, under the provisions of Sections 230 and 232 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to the Resulting Company, so as to become the debts, liabilities, contingent liabilities, duties and obligations of the Resulting Company, and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.
- 2.1.3 All licenses, permissions, approval, consents or NOCs given by various government and other competent authorities to the Demerged Company in relation to the Demerged Business or otherwise held by the Demerged Company to implement/carry on the Demerged Business shall stand vested in or transferred to the Resulting Company, without any further act or deed, and shall be appropriately mutated by the authorities concerned therewith in favour of the Resulting Company. The benefit of all statutory and regulatory permissions, registration or other licenses, and consents shall vest in and become available to the Resulting Company, pursuant to the Scheme.
- 2.1.4 The transfer and vesting of the Demerged Business, as aforesaid, shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof pertaining to the Demerged Business to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of Demerged Business.
- 2.1.5 Without prejudice to the generality of the provisions contained in aforesaid clauses, upon the Scheme becoming effective, the Demerged Company and Resulting Company will file requisite form(s) with the Registrar of Companies for creation, modification and/or satisfaction of charge(s), to the extent required, to give effect to the provisions of this Scheme.
- 2.1.6 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that in accordance with the provisions of relevant laws, consents, permissions, licenses, registrations, certificates, authorities, powers of attorneys given by, issued to or executed in favour of Demerged Business and the rights and benefits under the same and all other interests of the Demerged Business, be without any further act or deed, be transferred to and vested in the Resulting Company.
- 2.1.7 Upon the Scheme coming into effect, all taxes/ cess/ duties, direct and/ or indirect, payable by or on behalf of the Demerged Business of the Demerged Company from the Appointed Date onwards, including all advance tax payments, tax deducted at source, any refunds or claims (including refunds or claims pending with the Revenue Authorities), shall, for all purposes, be treated as the tax/ cess/ duty, liability, advance tax payment, tax deducted at source, refund or claim, as the case may be, of the Resulting Company. The Resulting Company is expressly permitted to claim refunds/ credits in respect of any transaction between the Demerged Business of the Demerged Company and the Resulting Company, if any.
- 2.1.8 Upon the Scheme becoming effective, all un-availed credits and exemptions, statutory benefits, including in respect of Income Tax (including MAT credit), CENVAT, Customs, VAT, Sales Tax, Service Tax, Goods and Services Tax, etc., relating to Demerged Business to which the Demerged Company is entitled to shall be available to and vest in the Resulting Company, without any further act or deed.

- 2.1.9 Upon this Scheme becoming effective, the Demerged Company and the Resulting Company are permitted to revise and file their respective income tax returns, including tax deducted at source certificates, sales tax/ value added tax returns, service tax returns, GST returns and other tax returns for the period commencing on and from the Appointed Date, and to claim refunds/ credits, pursuant to the provisions of this Scheme.
- 2.1.10 Without prejudice to the generality of the above, all benefits, incentives, claims, losses, credits (including, without limitation income tax, service tax, excise duty, applicable state value added tax etc.) to which Demerged Business of the Demerged Company is entitled to in terms of applicable laws, shall be available to and vest in the Resulting Company from the Appointed Date.

2.2 Issue of Shares by the Resulting Company

- 2.2.1 Upon the Scheme finally coming into effect and in consideration of de-merger and vesting of the Demerged Business of the Demerged Company into the Resulting Company, in terms of this Scheme, the Resulting Company, shall, without any further application or deed, issue and allot Share(s), to the Members of the Demerged Company whose names appear in the Register of Members as on the Record Date, in the following ratio:
- a. The Resulting Company will issue 10 (ten) Equity Shares of ₹10 each, credited as fully paid-up, to the shareholders of the Demerged Company for every 30 (thirty) Equity Shares of ₹10 each held in the Demerged Company.
 - b. Further, the Resulting Company will issue 99 (ninety nine) 6% Non-cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹10 each, credited as fully paid-up, to the shareholders of the Demerged Company for every 30 (thirty) Equity Shares of ₹10 each held in the Demerged Company.
- 2.2.2 Any fraction arising out of the aforesaid exchange process as mentioned in clause 2.2.1 above, if any, will be rounded off to nearest whole number.
- 2.2.3 New Equity Shares to be issued by the Resulting Company in terms of clause 2.2.1 'a' above shall be subject to the provisions of the Memorandum and Articles of Association of the Resulting Company. The new Equity Shares to be issued by the Resulting Company shall rank pari passu in all respects, including dividend, with the existing Equity Shares of the Resulting Company.
- 2.2.4 Similarly, New Preference Shares to be issued by the Resulting Company in terms of clause 2.2.1 'b' above shall be subject to the provisions of the Memorandum and Articles of Association of the Resulting Company. Preference Shares shall be redeemed in accordance with the provisions of the Companies Act, 2013, relating to redemption of preference shares, within a period of 20 (twenty) years from the date of issue of such shares at the redemption premium of ₹151 per share. Preference Shares will carry a put and call option available to the Company for an early redemption.
- 2.2.5 The issue and allotment of Equity and Preference Shares by the Resulting Company to the shareholders of the Demerged Company, as provided in this Scheme, is an integral part thereof. The members of the Resulting Company, on approval of the Scheme, shall be deemed to have given their approval under sections 42 & 62 of the Companies Act, 2013, and other applicable provisions, if any, for issue of fresh Shares to the Members of the Demerged Company in terms of this Scheme.
- 2.2.6 The Resulting Company will issue new Equity Shares, to the Shareholders of the Demerged Company, in dematerialized form only. With regard to the issue of Preference Shares by the Resulting Company pursuant to this Scheme, the same will be issued by way of physical share certificates or in dematerialized form or partially in physical form and partially in dematerialized form as per the instructions of the Stock Exchanges or as requested by the Shareholders of the Demerged Company or as per the decision of the Board of Directors of the Resulting Company, as the case may be.
- 2.2.7 It is, however, clarified that provisions of this Scheme with regard to issue of shares by the Resulting Company will not apply to the share application money, if any, which may remain outstanding in the Demerged Company.
- 2.2.8 In terms of the provisions of the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Listing Agreement, SEBI Regulations, SEBI Circulars and other applicable provisions, if any, new Equity Shares to be issued by the Resulting Company to the Shareholders of the Demerged

Company, pursuant to this Scheme, shall be listed on all the Stock Exchanges on which the Equity Shares of the Resulting Company are presently listed. The Resulting Company will make necessary application(s) to the Stock Exchanges and other competent authorities, if any, for this purpose and will comply with the provisions of the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Listing Agreement SEBI Regulations, SEBI Circulars and other applicable provisions, if any, in this regard. The concerned Stock Exchange(s) and SEBI, shall, on receipt of listing application(s) and other documents, promptly grant necessary approval(s) and list the new Equity Shares issued by the Resulting Company.

- 2.2.9 In case any Promoters' holding in the Resulting Company and/or new Shares to be issued in the Resulting Company in terms of this Scheme, are placed under lock-in by the Stock Exchange(s), SEBI or any other competent authority pursuant to the provisions of the Listing Agreement and SEBI Regulations; such locked in shares may be transferred within the Promoters Group during such lock-in period.
- 2.2.10 Shares allotted pursuant to this Scheme may remain frozen in the Depositories system till listing/trading permission is given by the Stock Exchanges. The concerned Company will comply with the applicable provisions in this regard.
- 2.2.11 The reduction of the paid-up capital, reserves & surplus, etc., as the case may be, of the Demerged Company and Resulting Company, if any, shall be effected as an integral part of the Scheme only. Approval of this Scheme by the Shareholders and/or Creditors of the Demerged Company and the Resulting Company, as the case may be, and sanction by the Tribunal under sections 230 and 232 of the Companies Act, 2013, shall be sufficient compliance with the provisions of sections 66 of the Companies Act, 2013, and other applicable provisions, if any, relating to the reduction of paid up capital and reserves & surplus of the Demerged Company and the Resulting Company, if any. The Order of the Tribunal sanctioning the Scheme shall be deemed to be also the Order under section 66 of the Act for the purpose of confirming the reduction. Such reduction would not involve either the diminution of any liability in respect of un-paid share capital or the payment to any shareholder of any paid-up share capital.
- 2.2.12 BSE Ltd will act as the Designated Stock Exchange for the purposes of this Scheme.
- 2.2.13 Save as provided in this Scheme, the Resulting Company shall increase/modify its Authorized Share Capital for implementing the terms of the Scheme, to the extent necessary.

PART 3

ACCOUNTING TREATMENT

Upon the Scheme becoming effective, De-merger of EPC & Vessel Division of Demerged Company into Resulting Company will be accounted for in accordance with the applicable provisions of the Companies Act, 2013, Accounting Standards prescribed under section 133 of the Companies Act, 2013, and Generally Accepted Accounting Principles in India (Indian GAAP), as the case may be.

De-merger of Demerged Business of the Demerged Company, into the Resulting Company will be accounted in the following manner:

3.1 In the books of the Demerged Company

- 3.1.1 All the assets and liabilities pertaining to the Demerged Business (difference between the assets and liabilities hereinafter referred to as "Net Assets"), which cease to be the assets and liabilities of the Demerged Company, will be reduced from the books of accounts of the Demerged Company at their respective book values as on the Appointed Date.
- 3.1.2 Difference between the assets and liabilities pertaining to the Demerged Business will be adjusted against the Securities Premium Account and other Reserves & Surplus, in that order, in books of the Demerged Company.

3.2 In the books of the Resulting Company

- 3.2.1 The Resulting Company shall record the assets and liabilities (difference between the assets and liabilities hereinafter referred to as "Net Assets") pertaining to the Demerged Business vested in it pursuant to this Scheme, at the book values as appearing in the books of the Demerged Company as on the Appointed Date. In terms of the provisions of section 2(19AA) of the Income Tax Act, 1961, any change in the value of assets consequent to their revaluation will be ignored.
 - 3.2.2 The Resulting Company shall credit to the Share Capital Account, in the books of accounts, the aggregate face value of the new Equity and Preference Shares issued by it to the Shareholders of the Demerged Company pursuant to Clause 2.2.1 of this Scheme.
 - 3.2.3 Any difference between the Net Assets and the aggregate face value of new Equity and Preference Shares issued shall be credited/debited to the Capital Reserve, in the books of the Resulting Company.
- 3.3** It is, however, clarified that the Board of Directors of the Demerged Company and the Resulting Company, in consultation with the respective Statutory Auditors, may account for the present de-merger in such manner as to comply with the provisions of section 133 of the Companies Act, 2013, the applicable Accounting Standard and other applicable provisions, if any.

PART 4

GENERAL CLAUSES

4.1 CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

4.1.1 With effect from the Appointed Date:

- a.** The Demerged Company, in relation to the Demerged Business shall carry on and be deemed to have carried on the business and activities and shall possessed of their properties and assets for and in trust of the Resulting Company and all the profits/losses accruing, shall for all purposes be treated as profits/losses of Resulting Company.
- b.** The Demerged Company, in relation to the Demerged Business shall not, without the prior written consent of the Board of Directors of the Resulting Company or pursuant to any pre-existing obligation, sell, transfer or otherwise alienate, charge, mortgage or encumber or otherwise deal with or dispose of any undertaking or any part thereof except in the ordinary course of its business.

4.2 STAFF, WORKMEN AND EMPLOYEES

4.2.1 On the Scheme becoming effective, all staff, workmen and employees of the Demerged Company, in relation to the Demerged Business, in service on the Effective Date, shall become and deemed to have become staff, workmen and employees of the Resulting Company on such date without any break or interruption in their service and on the basis of continuity of service, and upon terms and conditions not less favorable than those applicable to them with reference to the Demerged Company, in relation to the Demerged Business, on the Effective Date.

4.2.2 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund and any other special fund or trusts created or existing for the benefit of the staff, workmen and employees of the Demerged Company, in relation to the Demerged Business, for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Demerged Company, in relation to the Demerged Business, in relation to such fund or funds shall become those of the Resulting Company. It is clarified that the services of the staff, workmen and employees of the Demerged Company, in relation to the Demerged Business, will be treated as having been continuous for the purpose of the aforesaid funds or provisions.

4.3 LEGAL PROCEEDINGS

4.3.1 All legal proceedings of whatever nature by or against the Demerged Company pending and/or arising on or after the Appointed Date and relating to the Demerged Company, in relation to the Demerged Business, shall not abate or be discontinued or be, in any way, prejudicially affected by reason of the Scheme or by anything contained in this Scheme but the proceedings may be continued, prosecuted and enforced by or against the Resulting Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Demerged Company, in relation to the Demerged Business, as if the Scheme had not been made.

4.3.2 The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company, in relation to the Demerged Business, referred to in clause 4.3.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company, in relation to the Demerged Business.

4.3.3 The Resulting Company undertakes to indemnify and save harmless the Demerged Company, to the fullest extent lawful from and against all third party actions, suits, claims, proceedings, costs, damages, judgments, amounts paid in settlement and expenses (including reasonable attorney fees) relating to or arising out of, any acts or omissions of the Demerged Company (and its respective past, present and future affiliates, shareholders, partners, agents, directors, officers, employees,

representatives, advisors, attorneys, successors, heirs, executors, administrators and assigns), relating to, or in pursuance of, or arising from:

- a. the filing, approval and implementation of the actions contemplated in this Scheme, or
- b. All legal proceedings in relation to the Demerged Business whether subsisting on the Appointed Date or arising thereafter.

4.4 CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

- 4.4.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature, to which the Demerged Company, in relation to the Demerged Business, is a party, subsisting or having effect on the Effective date, shall remain in full force and effect and shall stand assigned/novated in favour of the Resulting Company, may be enforced by or against the Resulting Company as fully and effectually as if, instead of the Demerged Company, in relation to the Demerged Business, the Resulting Company had been a party thereto.
- 4.4.2 It is expressly clarified that consent of the counterparties shall not be separately required for assignment of such contracts etc., in favour of Resulting Company.
- 4.4.3 The Resulting Company shall be obligated to fulfill all the obligations and covenants of aforesaid contracts, deeds, bonds, agreements and instruments in relation to the Demerged Business and indemnify and save harmless the Demerged Company, to the fullest extent lawful from and against all third party actions, suits, claims, proceedings, costs, damages, judgments, amounts paid in settlement and expenses (including reasonable attorney fees) relating to or arising out of, any such contracts etc., whether in relation to any acts or omissions there under committed by the Demerged Company or the Resulting Company (and its respective past, present and future affiliates, shareholders, partners, agents, directors, officers, employees, representatives, advisors, attorneys, successors, heirs, executors, administrators and assigns), prior to the Appointed Date or thereafter.
- 4.4.4 Pursuant to the demerger of the Demerged Company, in case for the purpose of entering into any contract, tenders, bid documents, expression of interest, memorandum of understanding, agreements or any other such instruments, the Resulting Company are required to demonstrate experience, track record and credentials of the Demerged Company, then the experience, track record and credentials gained by the Demerged Company in the past prior to demerger in relation to the Demerged Business, would be considered to be equivalent as the experience, track record and credentials of the Resulting Company.

4.5 PERMISSIONS

Any statutory licenses, permissions, approvals or consents to carry on the operations of the Demerged Company, in relation to the Demerged Business, shall stand vested in or transferred to the Resulting Company without any further act or deed and shall be appropriately mutated by the Statutory Authorities concerned in favour of the Resulting Company upon the vesting and transfer of the Undertakings pursuant to this Scheme. The benefit and obligations of all statutory and regulatory permissions, licenses, environmental approvals and consents, sales tax registrations or other licenses and consents shall vest in and become available to the Resultant Company pursuant to this Scheme. In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by the Demerged Company, in relation to the Demerged Businesses, are concerned, the same shall vest with and be available the Resulting Company on the same terms and conditions. It is specifically clarified that all the excise concessions, exemptions, benefits in terms of the Central Excise Act, 1944, Notifications, Circulars, Orders, Trade Notices, Guidelines, Clarifications and/or other Communications issued by the any appropriate competent authority; Income Tax holiday including benefits under Chapter VIA of the Income Tax Act, 1961; sales tax exemptions and benefits under the Central Sales Tax Act, 1956 and other local sales tax laws; and all other fiscal and non fiscal incentives, benefits and privileges which are available to or being availed by the Demerged Company or which the Demerged Company may be entitled to at any time for its Demerged Business, shall be continued to be available in the Resulting Company for the Demerged Business after the proposed De-merger;

4.6 SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the Demerged Business into the Resulting Company as above and the continuance of proceedings by or against the Resulting Company shall not affect any transaction or proceedings already

concluded on or after the Appointed Date till the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company, in relation to the Demerged Business, in respect thereto as done and executed on behalf of the Resulting Company.

4.7 OPERATIVE DATE OF THE SCHEME

This Scheme, though operative from the Appointed Date, shall be effective from the Effective Date.

4.8 REMAINING BUSINESS OF THE DEMERGED COMPANY

Remaining Business of the Demerged Company to continue with Demerged Company

- 4.8.1 The Remaining Business of the Demerged Company and all the assets including immovable property, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company.
- 4.8.2 All legal and other proceedings by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted in future, whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business of the Demerged Company (including those relating to any property, right, power, liability, obligation or duty, of the Demerged Company in respect of the Remaining Business of the Demerged Company) shall be continued and enforced by or against the Demerged Company.
- 4.8.3 With effect from the Appointed Date and including the Effective Date:
 - a. The Demerged Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Remaining Business of the Demerged Company for and on its own behalf;
 - b. All profit accruing to the Demerged Company thereon or losses arising or incurred by it relating to the Remaining Business of the Demerged Company shall, for all purposes, be treated as the profit, or losses, as the case may be, of the Demerged Company.

PART 5

OTHER TERMS AND CONDITIONS

5.1 APPLICATION/PETITION TO THE NATIONAL COMPANY LAW TRIBUNAL

- 5.1.1 The Demerged Company shall make joint/separate application(s)/petition(s) under the provisions of sections 230, 232 & 66 of the Companies Act, 2013, the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the National Company Law Tribunal Rules, 2016, and other applicable provisions, if any, to the appropriate Bench of the Hon'ble National Company Law Tribunal and other competent authorities, if any, for sanctioning of this Scheme and other connected matters.
- 5.1.2 The Resulting Company shall also make joint/separate application(s)/petition(s) under the provisions of sections 230, 232 & 66 of the Companies Act, 2013, the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the National Company Law Tribunal Rules, 2016, and other applicable provisions, if any, to the appropriate Bench of the Hon'ble National Company Law Tribunal and other competent authorities, if any, for sanctioning of this Scheme and other connected matters.

5.2 COMPLIANCE WITH SEBI REGULATIONS

- 5.2.1 In terms of the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (listing regulations); Securities and Exchange Board of India (SEBI) Circular No. CIR/CFD/CMD/16/2015 dated 30th November, 2015, read with the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10th March, 2017, and the SEBI Circular No. CFD/DIL3/CIR/2017/26 dated 23rd March, 2017, and applicable provisions, if any, the present Scheme of Arrangement is required to be approved by Public Shareholders (i.e., Equity Shareholders other than those forming part of Promoter and Promoter Group) of the Listed Resulting Company by passing a Resolution through postal ballot and e-voting, as may be applicable. In terms of the aforesaid SEBI Circulars, the Scheme will be acted upon only if the votes cast by Public Shareholders of the Listed Resulting Company in favour of the proposed Scheme are more than the number of votes cast by Public Shareholders against the Scheme, if any.

5.3 MODIFICATIONS/AMENDMENTS TO THE SCHEME

- 5.3.1 The Demerged Company and the Resulting Company through their respective Board of Directors may make or assent, from time to time, on behalf of all persons concerned, to any modifications or amendments to this Scheme or to any conditions or limitations which the Tribunal and/or any authorities under the law may deem fit to approve of or impose and to resolve all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds, matters and things necessary for carrying the Scheme into effect.
- 5.3.2 In order to give effect to this Scheme or to any modifications or amendments thereof, the Board of Directors of the Demerged Company may give and are authorised to give all such directions as may be necessary including directions for settling any question, doubt or difficulty that may arise.
- 5.3.3 The Demerged Company and/or the Resulting Company shall be at liberty to withdraw from this Scheme in case any condition, alteration or modification, imposed or suggested by the Tribunal or any other competent authority, is not acceptable to them; or as may otherwise be deemed fit or proper by any of these Companies. The Demerged Company and/or the Resulting Company will not be required to assign the reason for withdrawing from this Scheme.

5.4 INTERPRETATION

If any doubt or difference or issue arises between the Demerged Company and the Resulting Company or any of their Shareholders or Creditors and/or any other person as to the construction hereof or as to anything else contained in or relating to or arising out of this Scheme, the same shall be referred to Mr Rajeev K Goel, LLB, FCS, Advocate, 785, Pocket-E, Mayur Vihar II, NH-24, Delhi 110 091, Phone 93124 09354, e-mail: rajeev391@gmail.com, whose decision shall be final and binding on all concerned.

5.5 EXPENSES CONNECTED WITH THE SCHEME

All costs, charges and expenses incurred in relation to or in connection with this Scheme or incidental to

the completion of the De-merger in pursuance of this Scheme, shall be borne and paid by the Demerged Company. However, in the event of the Scheme becoming invalid for any reason whatsoever, all costs, charges and expenses relating to the de-merger exercise or incidental thereto shall be borne and paid by the respective Companies incurring the same.

Schedule-1 to the Scheme of Arrangement

Performa Balance Sheet of EPC & Vessel Division of HAL Offshore Ltd to be de-merged into Seamec Ltd

(As on 30th June, 2017)

| Particulars | Amount ₹ |
|--------------------------------|----------------------|
| ASSETS | |
| Non-current Assets | |
| Net Fixed Assets | 84,70,59,312 |
| Long term Loans & Advances | 91,03,823 |
| Total | 85,61,63,135 |
| Current Assets | |
| Trade Receivables | 85,31,25,580 |
| Cash and Cash Equivalents | 5,70,65,244 |
| Short term Loans & Advances | 31,36,49,558 |
| Other Current Assets | 42,06,95,713 |
| Total | 164,45,36,095 |
| Total Assets (A) | 250,06,99,230 |
| LIABILITIES | |
| Non-current Liabilities | |
| Long term Borrowings | 38,53,66,590 |
| Deferred Tax Liabilities (Net) | 16,41,86,410 |
| Total | 54,95,53,000 |
| Current Liabilities | |
| Short term Borrowings | 24,22,34,703 |
| Trade Payables | 79,66,91,691 |
| Other Current Liabilities | 7,65,46,511 |
| Short term Provisions | 33,76,27,222 |
| Total | 145,31,00,127 |
| Total Liabilities (B) | 200,26,53,127 |
| Net Assets [A-B] (C) | 49,80,46,103 |

Dated: 14th November, 2017

To,

Seamec Limited

A-901-905, 9th Floor
215, Atrium, Andheri Kurla Road
Andheri East, Mumbai-400 093

HAL Offshore Limited

25, Bazar Lane, Bengali Market
New Delhi 110001

Sub: Recommendation of the Share Swap Ratio for the purpose of proposed demerger of EPC & Vessel Division of HAL Offshore Limited into Seamec Limited

Dear Sirs,

We refer to the engagement letter dated November 1, 2017 issued by Seamec Limited and HAL Offshore Limited (referred to as "the Companies") whereby, Seamec Limited and HAL Offshore Limited have requested us for Recommendation of the Share Swap Ratio for the purpose of proposed demerger of EPC & Vessel Division of HAL Offshore Limited into Seamec Limited.

There is a proposal for demerger of EPC & Vessel Division (hereinafter referred to the "**the Demerged Undertaking**" / "**HAL**") of **HAL Offshore Limited** (hereinafter referred to as "**the Demerged Company**") with **Seamec Limited** (hereinafter referred to as "**the Resulting Company**" / "**Seamec**").

- 1. Scope/Limitation:** The Valuation exercise carried out by us and recommendation of share swap ratio, does not constitute an audit carried out in accordance with Generally Accepted Accounting Principles/Auditing Standards.

In carrying out the valuation, we have entirely relied upon the historical and projected financial statements of the Companies, assumptions and other information & explanations provided by the management including the following:

- the nature and operations of the business of the Companies, including historical financial performance;

- any existing business plans, future performance estimates for the companies and assumptions.

- 2. Disclaimer:** This Report is a private and confidential document prepared under the specific instructions of the client(s). It is for the internal use of the client only and is not meant for external circulation except to any statutory agency or competent authority (including BSE, NSE, SEBI and NCLT) for the purpose of the proposed demerger.

Any person making any investment or taking any decision on reliance of this report will be doing so at its/ his sole risk. We shall not be responsible for any decision taken by anybody on reliance of this report.

- 3. Independence:** We are not associated with the management of the Companies or its promoters or any other group company in any way other than in professional capacity. Prior to accepting this engagement, we have considered our independence.

4. Source of Information

In connection with preparing this Valuation Report, we have received the following information from the management of the Companies:

- a.** Audited Financial Statements of the Companies for the historical period;
- b.** Quarterly financial results (for June 2017) of the Companies
- c.** Financial Statements of EPC & Vessel Division of HAL Offshore Limited
- d.** Various discussion with the management of the Companies
- e.** Projected financials of the EPC & Vessel Division of HAL Offshore Limited and Seamec Limited
- f.** Market Price and trading history of the equity shares of Seamec Limited
- g.** Shareholding Pattern of the Companies
- h.** Secondary research and market data and such other analysis, reviews and enquiries, as we considered relevant.

5. Brief Profile of the Companies:

5.1 Demerged Company

- i. HAL Offshore Ltd** [Corporate Identification No. (CIN): U 24298 DL 1996 PLC 083879] was originally incorporated under the provisions of the Companies Act, 1956, as a public limited company with the name and style as 'Himachal Alkalies Ltd' vide Certificate of Incorporation dated 17th December, 1996 issued by the Registrar of Companies, Delhi & Haryana, New Delhi.

The Company was issued Certificate for Commencement of Business dated 27th December, 1996 by the Registrar of Companies, Delhi & Haryana, New Delhi.

Name of the Company was changed to 'HAL Offshore Ltd' vide Fresh Certificate of Incorporation dated 4th September, 2000 issued by the Registrar of Companies, New Delhi.

- ii.** The present registered office of the Company is situated at 25, Bazar Lane, Bengali Market, New Delhi-110 001.
- iii.** The present authorized share capital of the Company is Rs. 25,00,00,000 divided into 2,50,00,000 Equity Shares of Rs. 10 each.

The present issued, subscribed and paid-up share capital of the Company is Rs. 14,87,37,800 divided into 1,48,73,780 Equity Shares of Rs. 10 each.

- iv.** Demerged Company is the holding Company of the Resulting Company.
- v.** The Demerged Company is a closely held unlisted company.
- vi.** The Demerged Company is leading 'End to End' solution provider of underwater services and EPC services to the Indian oil and gas industry. It 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.

We have been informed that, over the years HAL has developed a diversified portfolio for undertaking turnkey projects involving

sub-sea and marine services as an EPC contractor. Our services are certified by independent agencies like American Bureau of Shipping (ABS), DNV, and LR as per requirement of the client. Recently HAL has also diversified in Onshore EPC contracts for processing of Natural Gas in Tamilnadu, erection and installation of ETP plants in Assam and erection and installation of Gas station and Water purification systems in Gujarat. It has now become an Oil and Gas service operator catering to the complete needs of both Offshore and Onshore requirement of all Oil and Gas Major in India, especially ONGC, Oil India and Cairns.

The Company has also made investments in real estate, shares and other securities. Hence the Demerged Company has two distinct businesses, viz., EPC & Vessel Division and Investment Division.

5.2 Resulting Company

- i. **Seamec Ltd** [Corporate Identification No. (CIN): L 63032 MH 1986 PLC 154910] was originally incorporated under the provisions of the Companies Act, 1956, as a private limited company with the name and style as 'Peerless Leasing Pvt Ltd' vide Certificate of Incorporation dated 29th December, 1986, issued by the Registrar of Companies, West Bengal, Kolkata.

Name of the Company was changed to 'Peerless Drive Pvt Ltd' vide Fresh Certificate of Incorporation dated 8th July, 1987, issued by the Registrar of Companies, West Bengal. The Company became a deemed public company and name of the Company was changed to 'Peerless Drive Ltd' by deleting the word 'Private' from its name vide endorsement made in the Certificate of Incorporation by the ROC, West Bengal, on 12th December, 1988. Name of the Company was changed to 'Peerless Shipping and Oilfield Services Ltd' vide Fresh Certificate of Incorporation dated 25th August, 1994 issued by the Registrar of Companies, West Bengal.

Name of the Company was again changed to 'South East Asia Marine Engineering & Construction Ltd' vide Fresh Certificate of Incorporation dated 11th August, 2000 issued by the Registrar of Companies, West Bengal.

Registered Office of the Company was shifted from the State of West Bengal to the State of Maharashtra as approved by the Hon'ble Company Law Board, Eastern Region Bench, Kolkata vide

Order dated 14th June, 2005. The Registrar of Companies, Maharashtra, registered the aforesaid order on 20th July, 2005 and allotted a new CIN to the Company.

Name of the Company was changed to its present name 'Seamec Ltd' vide Fresh Certificate of Incorporation dated 12th June, 2007 issued by the Registrar of Companies, Maharashtra, Mumbai.

- ii. The present registered office of the Resulting Company is situated at A-901-905, 9th Floor, 215, Atrium, Andheri Kurla Road, Andheri East, Mumbai-400 093
- iii. The present authorized share capital of the Company is Rs. 50,00,00,000.00 (Rupees Fifty Crore) divided into 5,00,00,000 (Five Crore) Equity Shares of Rs.10 each.

The present issued, subscribed and paid-up share capital of the Company is Rs. 25,42,50,000 divided into divided into 2,54,25,000 Equity Shares of Rs. 10 each.

- iv. Resulting Company is the subsidiary of the Demerged Company. The Shareholding pattern of the Resulting Company as on September 30, 2017 is as below:

| Particulars | No. of Shares | % |
|---------------------------------|----------------------|---------------|
| HAL Offshore Limited (Promoter) | 1,76,87,475 | 69.57 |
| Public | 77,37,525 | 30.43 |
| Total | 2,54,25,000 | 100.00 |

- v. The equity shares of the Resulting Company are listed on BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).
- vi. We are informed that the Resulting Company is one of the 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. It has unrivalled experience in the ongoing subsea inspection, repair, maintenance and light construction required for the efficient and productive support of offshore oil production. It has made its presence felt in Middle East, South East Asia, West Africa and Gulf of Mexico. Company's area of activities also extended to execution of many underwater diving projects with Oil companies and Contractors across the globe. It's vessels are ISPS certified and follow the best practices. They are equipped

with fire-fighting and pollution prevention equipment's which are certified by International and Indian certification authority.

6. Valuation approach and methodologies:

- a.** The primary objective of the present exercise is to find out the number of shares to be issued by the Resulting Company to the shareholders of the Demerged Company in consideration of demerger of the Demerged Undertaking into the Resulting Company.
- b.** The Equity Shares of the Demerged Company (EPC & Vessel Division) and the Resulting Company are required to be valued to recommend a Share Swap for the proposed demerger.
- c.** There are a number of techniques/methods for Valuation of Shares. According to a High Court statement: "The valuation of shares is a technical matter, which requires considerable skill and expertise. There are bound to be differences of opinion as to the correct value of the shares of the Company. Simply because it is possible to value the shares in a manner different from the one adopted in a given case, it cannot be said that the valuation agreed upon has been unfair."
- d.** In the valuation of the shareholders' equity of a subject company, mainly three different approaches may be employed to determine its fair market value (i) the Income Approach, (ii) the Asset Approach and (iii) the Market Approach. While each of these approaches is initially considered in the valuation, the nature and the characteristics of the subject company will indicate which approach, or approaches, is most applicable and suitable.

A. Income Approach

Discounted Cash Flow Method (DCF)

One methodology in the Income Approach is the discounted cash flow method, which focuses on the expected cash flow of the subject company. In applying this approach, the cash flow available for distribution is calculated for a finite period of years. Cash flow available for distribution is defined, for purposes of this analysis, as the amount of cash that could be distribute as a dividend without impairing the future profitability or operations of the subject company.

The cash flow available for distribution and the terminal value (the value, if the subject company at the end of the estimation period) are discounted to present value to derive an indication of value of the business enterprise.

Interest bearing debt, if any, is subtracted from the business enterprise value to arrive at an indication of the value of stockholders' equity.

B. Asset Approach

(i) Book Value

This is a value based upon the accounts books of the business. In simple term, Assets less Liabilities equals the owner's equity, which is the "Book Value" of the business.

(ii) Replacement Value

This is mainly used with asset heavy business such as hotels, motels, natural resources. The asset valuation methodology essentially estimates the cost of replacing the tangible assets of the businesses. The replacement cost takes into account the market value of various assets or the expenditure required to create the infrastructure similar to that of a company being valued.

C. Market Approach

(i) Value based on market quotes as available from recognized stock exchange

In case of valuation of shares of a company, which is listed and traded on the stock exchanges, the market price of such shares is also considered to arrive at the fair value of the shares. Generally, an average market price of the listed shares for a reasonably past period is taken.

As per SEBI circular nos. CFD/DIL3/CIR/2017/21 and CFD/DIL3/CIR/2017/26 dated March 10, 2017 and March 23, 2017, respectively, the issuance of shares under schemes in case of allotment of shares by listed companies only to a select group of shareholders or shareholders of unlisted companies pursuant to such schemes shall follow the pricing provisions of

the ICDR Regulations and the relevant date for the purpose of computing pricing shall be the date of the Board meeting in which the scheme is approved.

Equity shares of Seamec Limited is listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). Equity share of Seamec Limited are frequently traded in terms of Regulation 71A of the SEBI (ICDR) Regulations, 2009. As per Regulation 76(1) of the SEBI (ICDR) Regulations, 2009, if the equity shares of the issuer have been listed on a recognized stock exchange for a period of twenty six weeks or more as on the relevant date, the equity shares shall be allotted at a price not less than higher of the following:

- a.** The average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognized stock exchange during the twenty six weeks preceding the relevant date; or
- b.** The average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date

We have been informed that the meeting of Board of Directors of Seamec Limited for approval of draft Scheme of Arrangement is scheduled on November 14, 2017 and accordingly, in terms of the CFD/DIL3/CIR/2017/26 dated March 23, 2017 the relevant date for determination of market price shall be November 14, 2017. Trading volume of equity shares of Seamec Limited during the last 12 months was higher on NSE as compared to BSE.

Under the Market price method, average of weekly high and low of the volume weighted average price ('VMAP') of Seamec Limited on NSE during the twenty six weeks or two weeks preceding the relevant date, whichever is higher has been considered.

(ii) Price Earning Multiple Value/ Comparable Companies Multiple Method

The basic of this approach is to find the earning capacity of the business and to capitalize it on the basis of appropriate rate considering the business fundamentals. In this method

appropriate multiple can be used with the normalized earnings to arrive at fair estimation of business value (market price per share; MPS).

The multiple is usually taken based at PE Multiple (MPS/EPS) of the Industry, on the rate of return expected by the equity shareholder of the Company.

- e. Considering the proposed transaction under consideration, the business of the Demerged Company, Demerged Undertaking and the Resulting Company and other applicable factors; we have chosen the following frequently and widely used valuation methodologies:

For listed Resulting Company:

- Discount Cash Flow Value (DCF Value)
- Net Asset Value (NAV);
- Price Earning Multiple Value; and
- Market Price of Shares

For un-listed Demerged Company (EPC & Vessel Division):

- Discount Cash Flow Value (DCF Value)
- Net Asset Value (NAV);
- Price Earning Multiple Value

7. Basis of Share Swap ratio

The basis of Demerger of the EPC & Vessel Division of the Demerged Company into the Resulting Company would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above methodologies, for the purpose of recommending a share swap ratio, it is necessary to arrive at a single value for the equity shares of the Resulting Company and the Demerged Undertaking. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity value of the Company but at their relative values to facilitate the determination of the fair Share Swap Ratio.

As considered appropriate, we have independently applied methodologies discussed above and arrived at the valuation. We have further independently assigned appropriate weightages to the values arrived using the DCF Method, NAV Method, PE Multiple Method and the Market Value method.

| Valuation Approach | Seamec Limited | | EPC & Vessel Division of HAL Offshore Limited | |
|---|------------------------|----------------|---|----------------|
| | Value per equity share | Weight (%) | Value per equity share | Weight (%) |
| Asset Approach | | | | |
| NAV Per Share | 104.98 | 0%* | 33.49 | 33.34% |
| Income Approach | | | | |
| DCF Value Per Share | 111.17 | 0%* | 707.79 | 33.33% |
| Market Approach | | | | |
| Market Price (Quoted on Stock Exchange) | 161.00 | 100.00%* | N.A. | N.A. |
| Price Earning Multiple Value/Comparable Companies Multiple Method | 31.50 | N.A. | 1017.79 | 33.33% |
| Relative Value Per Share | 161.00 | 100.00% | 586.30 | 100.00% |
| Share Exchange ratio (Rounded Off) | | | 3.64 (or 109:30) | |

* As mentioned above, the valuation of shares of a listed company cannot be less than the market price determined in terms of the SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017, read with SEBI Circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017. Accordingly, the valuation of shares as determined in accordance with other valuation methods have been disregarded.

We have been appraised that, since that Resulting Company is a listed Company and its present promoter group shareholding is 69.57%, the post demerger shareholding pattern upon issue of equity shares to the shareholders of the Demerged Company cannot go beyond 75% of the post demerger paid up equity share capital of Seamec Limited. Accordingly, we suggest issuance of Compulsorily Redeemable Preference Shares for the balance consideration.

The management of the Companies has proposed the following major terms and conditions of the Compulsorily Redeemable Preference Share, which we feel as reasonable and fair for the Share Swap Ratio:

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

8. Share Exchange Ratio for the proposed de-merger: On the basis of valuation exercise and after rounding off, we recommend the following Share Swap Ratio for the proposed de-merger:

1. 10 (ten) Equity Share of Rs. 10.00 each of Seamec Limited to all the Equity Shareholders of HAL Offshore Limited for every 30 (thirty) Equity Shares held in HAL Offshore Limited; and,
2. 99 (ninety nine) Compulsorily Redeemable Preference Shares of Rs. 10.00 each of Seamec Limited to all the Equity Shareholders of HAL Offshore Limited for every 30 (thirty) Equity Shares held in HAL Offshore Limited

**For Khandelia & Sharma
(Chartered Accountants)
F. R. No.: 510525C**

**Date: 14th November, 2017
Place: New Delhi**

**(CA Arun Khandelia)
Partner
Membership No: 089125**

| | |
|---|----------------------------|
| Seamec Limited | |
| | |
| Calculation of Net Asset Value | |
| (As on 30th June, 2017) | |
| | |
| Particulars | Amount (Rs. In Mn.) |
| Non Current Assets | 2680.57 |
| Current Assets | 1605.59 |
| Total Assets (A) | 4286.16 |
| Less: | |
| Non Current Liabilities | 19.52 |
| Current Liabilities | 1552.54 |
| Total Liabilities (B) | 1572.06 |
| Adjustment for Tonnage Tax Reserves u/s 115VT of IT Act, 1961 (C) | 45.02 |
| | |
| Net Asset Value (NAV) [A-B-C] | 2669.08 |
| | |
| Number of Equity Shares (Face Value Rs. 10 each) | 25425000 |
| | |
| NAV per Equity Share (Rs.) | 104.98 |

| | |
|---|----------------------------|
| Seamec Limited | |
| | |
| Calculation of Price Earning Multiple Value | |
| | |
| Particulars | Amount (Rs. In Mn.) |
| Profit after Tax for latest quarter ended 30th June, 2017 | 10.01 |
| Annualized PAT for FY 2017-18 | 40.04 |
| Number of Equity Shares (Face Value Rs. 10 each) | 25425000 |
| Earning Per Equity Share | 1.575 |
| Industry PE Multiple* | 20.00 |
| Price Earning Multiple Value per Equity Share (Rs.) | 31.50 |
| <i>* As per Capital Market issue November 6- November 19, 2017.</i> | |

Seamec Limited**Calculation of minimum issue price as prescribed under Chapter VII of the SEBI (ICDR) Regulations, 2009**

Relevant Date 14-Nov-17

A. Average of Weekly High & Low of the Volume Weighted Average Price (VWAP) of the equity shares of Seamec Limited quoted on NSE Limited during the last twenty six weeks preceding the Relevant Date

| Weeks | From | To | VWAP High | VWAP Low | Average |
|----------------------------|-----------|-----------|-----------|----------|---------------|
| 1 | 16-May-17 | 22-May-17 | 119.37 | 110.54 | 114.96 |
| 2 | 23-May-17 | 29-May-17 | 126.74 | 111.02 | 118.88 |
| 3 | 30-May-17 | 05-Jun-17 | 125.03 | 119.20 | 122.12 |
| 4 | 06-Jun-17 | 12-Jun-17 | 134.17 | 125.60 | 129.89 |
| 5 | 13-Jun-17 | 19-Jun-17 | 141.14 | 134.42 | 137.78 |
| 6 | 20-Jun-17 | 26-Jun-17 | 141.27 | 137.16 | 139.22 |
| 7 | 27-Jun-17 | 03-Jul-17 | 159.20 | 146.90 | 153.05 |
| 8 | 04-Jul-17 | 10-Jul-17 | 161.06 | 152.93 | 157.00 |
| 9 | 11-Jul-17 | 17-Jul-17 | 160.22 | 154.65 | 157.44 |
| 10 | 18-Jul-17 | 24-Jul-17 | 156.99 | 153.18 | 155.09 |
| 11 | 25-Jul-17 | 31-Jul-17 | 173.36 | 153.50 | 163.43 |
| 12 | 01-Aug-17 | 07-Aug-17 | 185.61 | 168.55 | 177.08 |
| 13 | 08-Aug-17 | 14-Aug-17 | 177.02 | 158.24 | 167.63 |
| 14 | 15-Aug-17 | 21-Aug-17 | 162.42 | 151.77 | 157.10 |
| 15 | 22-Aug-17 | 28-Aug-17 | 149.65 | 148.51 | 149.08 |
| 16 | 29-Aug-17 | 04-Sep-17 | 158.18 | 149.13 | 153.66 |
| 17 | 05-Sep-17 | 11-Sep-17 | 154.17 | 142.32 | 148.25 |
| 18 | 12-Sep-17 | 18-Sep-17 | 140.94 | 135.09 | 138.02 |
| 19 | 19-Sep-17 | 25-Sep-17 | 137.95 | 126.21 | 132.08 |
| 20 | 26-Sep-17 | 02-Oct-17 | 135.80 | 130.93 | 133.37 |
| 21 | 03-Oct-17 | 09-Oct-17 | 137.38 | 135.14 | 136.26 |
| 22 | 10-Oct-17 | 16-Oct-17 | 153.42 | 135.89 | 144.66 |
| 23 | 17-Oct-17 | 23-Oct-17 | 174.98 | 167.98 | 171.48 |
| 24 | 24-Oct-17 | 30-Oct-17 | 175.37 | 164.44 | 169.91 |
| 25 | 31-Oct-17 | 06-Nov-17 | 175.24 | 156.64 | 165.94 |
| 26 | 07-Nov-17 | 13-Nov-17 | 157.78 | 151.43 | 154.61 |
| Average Price (Rs.) | | | | | 148.00 |

B. Average of Weekly High & Low of the Volume Weighted Average Price (VWAP) of the equity shares of Seamec Limited Limited quoted on NSE Limited during the last two weeks preceding the Relevant Date

| Weeks | From | To | High | Low | Average |
|----------------------------|-----------|-----------|--------|--------|---------------|
| 1 | 31-Oct-17 | 06-Nov-17 | 175.24 | 156.64 | 165.94 |
| 2 | 07-Nov-17 | 13-Nov-17 | 157.78 | 151.43 | 154.61 |
| Average Price (Rs.) | | | | | 160.27 |

| | |
|--|---------------|
| A]. Average of 26 Weeks High Low of Closing Prices | 148.00 |
| B]. Average of 2 Weeks High Low of Closing Prices | 160.27 |
| Applicable Minimum Price [Higher of A or B] | 160.27 |
| Fair Market Price (rounded off to higher digit) | 161.00 |

| | |
|---|----------------------------|
| HAL Offshore Limited (EPC & Vessel Division) | |
| | |
| Calculation of Net Asset Value | |
| (As on 30th June, 2017) | |
| | |
| Particulars | Amount (Rs. In Mn.) |
| Non Current Assets | 856.16 |
| Current Assets | 1644.54 |
| Total Assets (A) | 2500.70 |
| Less: | |
| Non Current Liabilities | 549.55 |
| Current Liabilities | 1453.10 |
| Total Liabilities (B) | 2002.65 |
| | |
| Net Asset Value (NAV) [A-B] | 498.05 |
| | |
| Number of Equity Shares (Face Value Rs. 10 each) | 14873780 |
| | |
| NAV per Equity Share (Rs.) | 33.49 |

| HAL Offshore Limited (EPC & Vessel Division) | | | | | | | | | |
|---|-------------|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Valuation as per Discounted Cash Flow Method | | | | | | | | | |
| | | | | | | | | | Rs. In Mn |
| Particulars | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | |
| | Projected | Projected | Projected | Projected | Projected | Projected | Projected | Projected | Projected |
| Free Cash Flow to the Company | 1,271.74 | 2,165.87 | 2,455.10 | 1,616.71 | 2,520.47 | 2,026.71 | 1,473.69 | 2,049.37 | |
| Discounting Rate | 19.58% | | | | | | | | |
| Discounting Factor | 0.91 | 0.76 | 0.64 | 0.53 | 0.45 | 0.37 | 0.31 | 0.26 | |
| Forecast Year | 0.50 | 1.50 | 2.50 | 3.50 | 4.50 | 5.50 | 6.50 | 7.50 | |
| Present Value | 1162.97 | 1656.32 | 1570.08 | 864.62 | 1127.24 | 757.99 | 460.92 | 536.01 | |
| Value during explicit forecast period | | 8136.15 | | | | | | | |
| Terminal Value | | 10466.54 | | | | | | | |
| Discounted Terminal Value | | 2737.53 | | | | | | | |
| Total Firm Value | | 10873.68 | | | | | | | |
| Total Long Term Loan | | 346.11 | | | | | | | |
| Equity Value | | 10527.57 | | | | | | | |
| Number of Equity Shares | 1,48,73,780 | | | | | | | | |
| DCF Value Per Equity Share (Rs.) | | 707.79 | | | | | | | |

| | |
|---|----------------------------|
| HAL Offshore Limited (EPC & Vessel Division) | |
| | |
| Calculation of Price Earning Multiple Value | |
| | |
| Particulars | Amount (Rs. In Mn.) |
| Profit after Tax for latest quarter ended 30th June, 2017 | 189.23 |
| Annualized PAT for FY 2017-18 | 756.92 |
| Number of Equity Shares (Face Value Rs. 10 each) | 14873780 |
| Earning Per Equity Share | 50.89 |
| Industry PE Multiple* | 20.00 |
| Price Earning Multiple Value per Equity Share (Rs.) | 1017.79 |
| <i>* As per Capital Market issue November 6- November 19, 2017.</i> | |

| Summary of Valuation from different methodologies | | | | |
|--|--|-------------------|--|-------------------|
| Valuation Approach | Seamec Limited | | EPC & Vessel Division of HAL Offshore Limited | |
| | Value per equity share | Weight (%) | Value per equity share | Weight (%) |
| Asset Approach | | | | |
| NAV Per Share | 104.98 | 0.00 | 33.49 | 33.34 |
| Income Approach | | | | |
| DCF Value Per Share | 111.17 | 0.00 | 707.79 | 33.33 |
| Price Earning Multiple Value Per Share | 31.50 | 0.00 | 1017.79 | 33.33 |
| Market Approach | | | | |
| Market Value (As per per SEBI Circular) | 161.00 | 100.00 | N.A. | N.A. |
| Relative Value Per Share | 161.00 | 100.00 | 586.30 | 100.00 |
| Share Exchange Factor | 30.00 | | 109.25 | |
| Share Exchange Ratio | 10 (ten) Equity Share of Rs. 10.00 each of Seamec Limited to all the Equity Shareholders of HAL Offshore Limited for every 30 (thirty) Equity Shares held in HAL Offshore Limited | | | |
| | 99 (ninety nine) Compulsorily Redeemable Preference Shares of Rs. 10.00 each of Seamec Limited to all the Equity Shareholders of HAL Offshore Limited for every 30 (thirty) Equity Shares held in HAL Offshore Limited | | | |



November 14, 2017

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

Board of Directors

Seamec Limited

A-901-905, 9th Floor,
215 Atrium, 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, 215 Atrium, Andheri Kurla Road, Andheri East, Mumbai-400 093. Seamec is one of the



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

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.



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 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.*



- ✓ 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.



TURNAROUND CORPORATE ADVISORS PRIVATE LIMITED

A SEBI Registered Category-I Merchant Banker

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 MUKERJEA)

Managing Director



SEAMEC LIMITED
A member of **MMG™**

Date: January 24, 2018

To,
Manager - Listing Compliance
National Stock Exchange of India Limited
'Exchange Plaza', C-1, Block G
Bandra Kurla Complex
Bandra (E)
Mumbai - 400 051

Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed scheme of Arrangement for Demerger of EPC & Vessel Division of HAL Offshore Limited into Seamec Limited

Kind Attention: **Mr. Paresh Moharana**

Dear Sir,

In connection with the above application, a Complaint Report as per Annexure III of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 is to be submitted within 7 days of expiry of 21 days from the date of uploading of Draft Scheme and related documents.

In view of above, we hereby enclose the above Complaint Report.

Thanking you

Yours Sincerely
For **Seamec Limited**

Virendra Kumar Gupta
President & Chief Financial Officer

Encl: a/a



Re: Scheme of Arrangement between HAL Offshore Limited and Seamec Limited

PART A

| Sr. No. | Particulars | Number |
|----------------|--|---------------|
| 1. | Number of complaints received directly | NIL |
| 2. | Number of complaints forwarded by Stock Exchange | NIL |
| 3. | Total Number of complaints/comments received (1+2) | NIL |
| 4. | Number of complaints resolved | N.A. |
| 5. | Number of complaints pending | N.A. |

Part B

| Sr. No. | Name of complainant | Date of complaint | Status (Resolved/Pending) |
|----------------|----------------------------|--------------------------|--------------------------------------|
| 1. | -- | -- | -- |
| 2. | -- | -- | -- |
| 3. | -- | -- | -- |

For **SEAMEC Limited**

Virendra Kumar Gupta
President & Chief Financial Officer

Date: January 24, 2018

Place: Mumbai



SEAMEC LIMITED
A member of **MMG™**

Date: January 24, 2018

To,
Manager - Listing Compliance
National Stock Exchange of India Limited
'Exchange Plaza', C-1, Block G
Bandra Kurla Complex
Bandra (E)
Mumbai - 400 051

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Yours Sincerely
For **Seamec Limited**

Virendra Kumar Gupta
President & Chief Financial Officer

Encl: a/a



Re: Scheme of Arrangement between HAL Offshore Limited and Seamec Limited

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| 5. | Number of complaints pending | N.A. |

Part B

| Sr. No. | Name of complainant | Date of complaint | Status (Resolved/Pending) |
|----------------|----------------------------|--------------------------|--------------------------------------|
| 1. | -- | -- | -- |
| 2. | -- | -- | -- |
| 3. | -- | -- | -- |

For **SEAMEC Limited**

Virendra Kumar Gupta
President & Chief Financial Officer

Date: January 24, 2018
Place: Mumbai

DCS/AMAL/ST/R37/1135/2018-19

May 15, 2018

The Company Secretary
SEAMEC LTD.
A 901-905, 215 Atrium, 9th Floor,
Andheri Kurla Road, Andheri (East) ,
Mumbai ,Maharashtra ,400093

Sir,

Sub: Observation letter regarding the Draft Scheme of Arrangement between HAL Offshore Limited and Seamec Limited for Demerger of the EPC & Vessel Division of HAL Offshore Limited into Seamec Limited.

We are in receipt of Draft Scheme of Arrangement between HAL Offshore Limited and Seamec Limited and their respective shareholders and Creditors filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated May 15, 2018, has inter alia given the following comment(s) on the draft scheme of arrangement:

- “Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, from the date of receipt of this letter is displayed on the websites of the listed company.”
- “Company shall duly comply with various provisions of the Circulars.”
- “Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.”
- “It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations.”

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT. Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

(2)

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,


Nitin Pujari
Sr. Manager

Ref: NSE/LIST/14678

May 16, 2018

The Company Secretary
Seamec Limited
A 901-905, 9th Floor,
215 Atrium,
Andheri Kurla Road,
Andheri (E),
Mumbai – 400093.

Kind Attn.: Mr. S. N. Mohanty

Dear Sir,

Sub: Observation Letter for scheme of Arrangement of among HAL Offshore Limited (Demerged Company) and Seamec Limited (Resulting Company) and their respective shareholders and creditors

We are in receipt of the scheme of Arrangement of among HAL Offshore Limited (Demerged Company) and Seamec Limited (Resulting Company) and their respective shareholders and creditors vide application dated December 29, 2017.

Based on our letter reference no Ref: NSE/LIST/38872 submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ('Circular'), SEBI vide letter dated May 15, 2018, has given following comments:

- a. The Company shall ensure that additional information, if any, submitted by the Company, after filing the scheme with the stock exchange, from the receipt of this letter is displayed on the website of the listed company.*
- b. The Company shall duly comply with various provisions of the Circulars.*
- c. The Company is advised that the observations of SEBI/ Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.*
- d. It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/observations/ representations.*

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of regulation 11 of SEBI (LODR) Regulation, 2015, we hereby convey our "No-objection" in terms of regulation 94 of SEBI (LODR) Regulation, 2015, so as to enable the Company to file the draft scheme with NCLT.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any



contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.

The validity of this “Observation Letter” shall be six months from May 16, 2018, within which the scheme shall be submitted to NCLT.

Yours faithfully,
For **National Stock Exchange of India Ltd.**

Divya Poojari
Senior Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL http://www.nseindia.com/corporates/content/further_issues.htm

INDEPENDENT AUDITOR'S REPORT

To the Members of HAL Offshore Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **M/s HAL Offshore Limited** (the Company), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including other Comprehensive income), the cash flow statement for the year then ended, the statement of changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (herein after referred to as "the standalone Ind AS financial statement").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act) with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and change in equity of the Company in accordance with the India Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) rule, as amended from time to time, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting fraud and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our Audit.

In conducting our Audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder and the Order Issued under section 143(11) of the Act.

We have conducted our Audit in accordance with the Standards on auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the company 's Director ,as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2018, and its profit (including other comprehensive income), the changes in equity and its cash flow for the year ended on that date.

Report on Other legal and regulatory Requirements.

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-Section (11) of section 143 of the Act, we give in Annexure 1, a statement on the matters specified in paragraphs 3 and 4 of the order.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit.
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit & Loss including Other Comprehensive Income, the Statement of changes in Equity and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the accounting standards specified under section 133 of the Act.
 - e) On the basis of written representation received from the Directors as on 31.03.2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31.03.2018, from being appointed as director in terms of section 164 (2) of the Act;
 - f) With respect to the adequacy of internal financial control over financial reporting of the company and the operating effectiveness of such controls is enclosed as Annexure-2.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 35 to the standalone Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

For G A M S & Associates

Chartered Accountants

ICAI Firm Registration No. :005104N

Anil Gupta

Partner

Membership No: 088218

Place: New Delhi

Date: Aug 09,2018

ANNEXURE -1 as referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of report of even date

Re: HAL Offshore Limited (‘the Company’)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year. In our opinion the frequency of physical verification being conducted from time to time by the company appears to be reasonable having regard to the size of the company and nature of such assets. No material discrepancies were identified on such verification.

(C) According, to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable property are held in the name of the company.
2. The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
3. According to the information and explanations given to us, the Company has not granted loans, secured or unsecured to companies, firms, Limited Liability partnership or other parties covered in the register maintained u/s 189 of the Companies Act, 2013; Accordingly, the provisions of clause 3(iii) (a),(b) and (c) of the order are not applicable to the company hence this provision is not applicable to the company.
4. In our opinion and according to the information and explanation given to us the company has not given loans or guarantees to directors or other persons in which a director is interested, or provided security in connection with a loan taken by them, to which provisions of section 185 and 186 of the companies Act, 2013 apply and accordingly, we have nothing to report on compliance of section 185 and 186, in this regards. In our opinion and according to the information and explanations given to us, The Company has made investment in securities which is in compliance with the provisions of section 186 of Companies Act, 2013.
5. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the Provision of clause 3(v) of the order are not applicable.
6. To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the services of the company.
7. a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including PF, ESI, TDS, Sales Tax, Entry Tax, Service Tax and Excise Duty except sometimes there have been delay in deposit.

b) No amount was in arrears for a period more than 6 months as regards undisputed amount payable in respect of statutory dues.

c) According to the records of the company, the dues outstanding of income tax, service tax, sales tax, customs duty and excise duty on account of disputes, are as follows:

(Amount in Millions)

| Name of the Statute | Nature of Dues | Amount | Period of which the amount relates | Forum where the dispute is pending |
|----------------------|-------------------|--------|------------------------------------|------------------------------------|
| Finance Act, 1994 | Custom Duty | 187.73 | 2005-06 to 2009-10 | SUPREME COURT |
| Finance Act, 1994 | Service Tax (Tax) | 509.68 | 2005-06 to 2009-10 | CESTAT |
| Finance Act, 1994 | Service Tax (Tax) | 36.12 | 2005-06 to 2009-10 | Commissioner of Service Tax |
| Finance Act, 1994 | Service Tax (Tax) | 0.30 | 2007-08 to 2009-10 | Commissioner of Service Tax |
| Finance Act, 1994 | Service Tax (Tax) | 3.83 | 2007-08 to 2008-09 | Commissioner of Service Tax |
| Income Tax Act, 1962 | Income Tax (Tax) | 1.97 | 2011-12 | ITAT |
| Income Tax Act, 1962 | Income Tax (Tax) | 1.62 | 2012-13 | ITAT |

- d) According to the information and explanation given to us, provision regarding transferring amounts which were required to be transferred to the investor education and protection fund by the Company is not applicable as no such fund exists.
8. In our opinion and according to the information and explanations given by the management, the company has not defaulted in repayment of loans to Bank. The company did not have any loan from financial institution or government and also did not have any debenture during the year.
9. The company has not raised any money way of further public offer/debt instruments and term loans hence; reporting under clause (ix) is not applicable to the company and hence not commented upon.

10. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officer and employees of the company has been noticed or reported during the year.
11. According to The information and explanations given by management, the Managerial Remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Companies Act, 2013.
12. In our opinion, The Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the company and hence not commented upon.
13. According to the information and explanations given by the management , transactions with the related parties are in compliance with section 177 and 188 of companies act , 2013 where applicable and the details have been disclosed in the notes to the financial statement, as required by the applicable accounting standards.
14. According to the information and explanations given to us and on an overall examinations of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under report and hence, reporting requirements under clause 3(xiv) are not applicable to the company and hence not commented upon.
15. According to the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013 .
16. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve bank of India Act, 1934 are not applicable to the company.

For G A M S & Associates

Chartered Accountants

ICAI Firm Registration No. :005104N

Anil Gupta

Partner

Membership No: 088218

Place: New Delhi

Date: Aug 09,2018

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENT OF M/S HAL OFFSHORE LIMITED

Report on Internal Financial Controls under Clause (i) of Sub Section 3 of Section 143 of the Companies Act, 2013("the Act")

We have audited the internal financial controls over financial reporting of M/s HAL Offshore Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our Audit. We conducted our Audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an Audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For G A M S & Associates

Chartered Accountants

ICAI Firm Registration No. :005104N

Anil Gupta

Partner

Membership No: 088218

Place: New Delhi

Date: Aug 09,2018

HAL OFFSHORE LIMITED
Standalone Balance Sheet as at March 31, 2018

(₹ in millions)

| Particulars | Note No | As at 31.03.2018 | As at 31.03.2017 |
|-------------------------------------|---------|------------------|------------------|
| I ASSETS | | | |
| 1) Non-current assets | | | |
| (a) Property, Plant and Equipment | 4 | 657.07 | 986.86 |
| (b) Financial Assets | | | |
| (i) Investments | 5 | 1,760.55 | 1,810.28 |
| (ii) Loans | 6 | 8.35 | 9.05 |
| (iii) Bank balances | 7 | 616.77 | 748.67 |
| (c) Other non-current assets | 8 | 723.19 | 294.00 |
| | | 3,765.93 | 3,848.86 |
| 2) Current assets | | | |
| (a) Inventories | 9 | 3.01 | 2.26 |
| (b) Financial Assets | | | |
| (i) Investments | 10 | 360.23 | 338.46 |
| (ii) Trade receivables | 11 | 874.02 | 822.86 |
| (iii) Cash and cash equivalents | 12 | 432.53 | 138.12 |
| (iv) Loans | 13 | 0.32 | 0.56 |
| (v) Other Financial assets | 14 | 54.69 | 477.38 |
| (c) Current Tax Assets (Net) | 15 | 128.26 | 24.69 |
| (d) Other current assets | 16 | 441.96 | 303.44 |
| | | 2,295.03 | 2,107.78 |
| Total-Assets | | 6,060.96 | 5,956.64 |
| II EQUITY AND LIABILITIES | | | |
| 1) Equity | | | |
| (a) Equity Share capital | 17 | 148.74 | 190.69 |
| (b) Other Equity | 18 | 2,638.26 | 2,281.57 |
| Total Equity | | 2,787.00 | 2,472.26 |
| 2) LIABILITIES | | | |
| Non-current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 19 | 1,620.88 | 1,810.17 |
| (b) Provisions | 20 | 20.38 | 17.36 |
| (c) Deferred tax liabilities (Net) | 21 | 41.40 | 164.19 |
| | | 1,682.66 | 1,991.72 |
| Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 19 & 22 | 322.91 | 307.12 |
| (ii) Trade payables | 23 | 664.25 | 701.40 |
| (iii) Other financial liabilities | 24 | 541.90 | 453.14 |
| (b) Other current liabilities | 25 | 61.72 | 30.53 |
| (c) Provisions | 20 | 0.53 | 0.46 |
| | | 1,591.30 | 1,492.66 |
| Total-Equity and Liabilities | | 6,060.96 | 5,956.64 |

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

As per our report of even date

For G A M S & Associates

Chartered Accountants

ICAI Firm Registration No. :005104N

Anil Gupta

Partner

Membership No: 088218

For HAL Offshore Limited

Vijay Kumar Gupta

Director

Chief Financial Officer

Vineet Agrawal

Director

Company Secretary

Place: New Delhi

Date: Aug 09,2018

Place: New Delhi

Date: Aug 09, 2018

HAL OFFSHORE LIMITED
Standalone Statement of Profit and Loss for the year ended March 31, 2018

(₹ in millions)

| Particulars | Note No | Year ended 31.03.2018 | Year ended 31.03.2017 |
|--|---------|-----------------------|-----------------------|
| I. Revenue From Operations | 26 | 3,911.66 | 3,567.60 |
| II. Other Income | 27 | 184.63 | 231.65 |
| III. Total Income (I +II) | | 4,096.29 | 3,799.25 |
| IV. EXPENSES: | | | |
| Purchase of Stock-in-Trade | 28 | - | 40.29 |
| Operating expenses | 29 | 2,362.49 | 1,971.32 |
| Employee benefit expenses | 30 | 194.49 | 182.63 |
| Finance costs | 31 | 125.70 | 151.35 |
| Depreciation and amortisation expense | 32 | 339.93 | 384.55 |
| Other expenses | 33 | 332.79 | 290.83 |
| Total expenses (IV) | | 3,355.40 | 3,020.97 |
| V. Profit / (Loss) before tax (III -IV) | | 740.89 | 778.28 |
| VI. Tax expense: | | | |
| Current tax | | 71.80 | 166.72 |
| Deferred Tax | 21 | (124.04) | 122.81 |
| VII. Profit / (Loss) for the year (V -VI) | | 793.14 | 488.75 |
| VIII. Other Comprehensive Income | | | |
| Other Comprehensive Income not be reclassified to profit or loss: | | | |
| -Fair value changes on Equity instruments through Other comprehensive income | 34 | 5.41 | 15.27 |
| -Income tax relating to above items | | (1.25) | (5.28) |
| Total Comprehensive income for the year (VII+VIII) | | 797.30 | 498.74 |
| IX. Earning per equity share: | | | |
| (1) Basic (Face Value of ₹ 10/- each) | 45 | 53.60 | 26.15 |
| (2) Diluted (Face Value of ₹ 10/- each) | | 53.60 | 26.15 |

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

As per our report of even date

For G A M S & Associates

Chartered Accountants

ICAI Firm Registration No. :005104N

Anil Gupta

Partner

Membership No: 088218

For HAL Offshore Limited

Vijay Kumar Gupta

Director

Chief Financial Officer

Vineet Agrawal

Director

Company Secretary

Place: New Delhi

Date: Aug 09,2018

Place: New Delhi

Date: Aug 09, 2018

HAL OFFSHORE LIMITED

Standalone Cash Flow Statement for the year ended March 31, 2018

(₹ in millions)

| Particular | Year ended 31.03.2018 | Year ended 31.03.2017 |
|---|-----------------------|-----------------------|
| Cash flows from operating activities | | |
| Profit before tax | 740.89 | 778.28 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 339.93 | 384.55 |
| Net Loss/(gain) arising on financial assets measured at FVTPL | (30.53) | (152.35) |
| Interest income | (42.29) | (92.62) |
| Dividend income on investment in shares | - | - |
| Loss/(gain) on sale of investment subsidiary | (76.41) | - |
| Loss/(gain) on sale of asset | 0.11 | 0.21 |
| Provision for doubtful debts | 0.10 | 9.42 |
| Finance cost | 125.70 | 151.35 |
| Liabilities written back | (10.44) | (1.25) |
| Forex Fluctuation Gain | (11.85) | - |
| other income | (12.11) | - |
| Provision | - | 2.29 |
| Operating Profit before working capital changes | 1,023.10 | 1,079.87 |
| Changes in Working Capital: | | |
| Adjustments for (increase)/decrease in operating assets | | |
| Inventories | (0.75) | (2.26) |
| Trade receivables | (63.10) | (444.98) |
| Loans | 0.94 | 0.83 |
| Other financial assets | 422.34 | 1.65 |
| Other current asset & non current assets | (567.70) | (183.73) |
| Adjustments for increase/(decrease) in operating liabilities | | |
| Trade payables | (37.15) | 523.46 |
| Other current liabilities | 31.18 | (16.77) |
| Other financial liabilities | 43.32 | 106.21 |
| Provision | 3.09 | - |
| Cash generated from operations | 855.27 | 1,064.28 |
| Income tax paid | (102.63) | - |
| Net cash flow from operating activities (A) | 752.63 | 1,064.28 |
| Cash flows from investing activities | | |
| Capital expenditure on property, plant and equipment (after adjustment of increase/decrease in capital work in progress and advances for capital expenditure) | (440.51) | (714.05) |
| Proceeds from sale of property, plant and equipment | 1.16 | - |
| Proceeds from sale of Investment | 126.14 | - |
| Payment for investment other than mutual funds | (21.77) | (27.26) |
| Payment for investment in mutual funds | - | (28.79) |
| Loans given other than subsidiary | - | 0.69 |
| Bank Balances (including non-current) not considered as cash and cash equivalents | 131.90 | 182.27 |
| Dividend received | - | - |
| Interest received | 42.28 | 92.34 |
| Net cash from / (used in) investing activities (B) | (160.80) | (494.80) |
| Cash flows from financing activities | | |
| Finance cost paid | (126.79) | (150.69) |
| Repayments of other than short term borrowings | (144.47) | (301.51) |
| Buy Back of shares | (41.95) | - |
| Increase/(decrease) in short term borrowings | 15.79 | (162.47) |
| Net cash from/(used in) financing activities (C) | (297.42) | (614.66) |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | 294.41 | (45.18) |
| Cash and Cash equivalents at the beginning of year | 138.13 | 183.31 |
| Cash and Cash equivalents at the end of the year | 432.53 | 138.13 |
| Components of Cash and Cash equivalents | | |
| Cash on hand | 0.9 | 1.09 |
| Balances with Scheduled banks | | |
| - current accounts | 215.25 | 65.91 |
| - foreign currency accounts | 216.4 | 71.13 |
| Total | 432.53 | 138.12 |

Disclosure of changes in liabilities arising from financing activities

(₹ in millions)

| Particulars | Term Loans including current maturities | Interest on Loans | Short Term Loans - Cash credit | Total |
|--|---|-------------------|--------------------------------|----------|
| Opening Balance | 2,168.7 | 2.20 | 307.1 | 2,478.06 |
| Add:- Interest accrued during the year / Increase in short term borrowings | - | (125.70) | 15.79 | (109.91) |
| Less:- Repayment of borrowings/interest payment during the year | -144.47 | 126.79 | - | (17.67) |
| Non Cash items :- | | | | |
| i) Acquisition | - | (0.48) | - | (0.48) |
| Closing Balance | 2,024.3 | 2.82 | 322.9 | 2,350.00 |

| Particulars | Changes in Share capital |
|---|--------------------------|
| Opening Balance | 190.69 |
| Add:- Adjustment for buy back of shares | (41.95) |
| Closing Balance | 148.74 |

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

As per our report of even date

For G A M S & Associates

Chartered Accountants

ICAI Firm Registration No. :005104N

Anil Gupta

Partner

Membership No: 088218

For HAL Offshore Limited

Vijay Kumar Gupta

Director

Chief Financial Officer

Vineet Agrawal

Director

Company Secretary

Place: New Delhi

Date: Aug 09,2018

Place: New Delhi

Date: Aug 09, 2018

HAL Offshore Limited
Notes to financial statements for the year ended March 31, 2018

1. Corporate Information

HAL Offshore Limited is Public Company incorporated under Companies Act, 1956 having its registered office at 25, Bazar Lane, Bengali Market, New Delhi. The Company is a leading "End-to-End" solution provider of underwater services and EPC services to the Indian oil and gas industry. It 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. It also has a diversified portfolio for operations in Multi Support Vessel, providing support services including marine, construction & diving services, execution of EPIC contracts. The Company has now become an oil and gas service operator catering to the complete needs of both Offshore and Onshore requirement of all Oil and Gas Major in India, especially ONGC, Oil India and Cairns.

The Company has also made Long term investments in real estate, shares and other securities. The Company has, over the years, built up an impressive portfolio of securities investment. Hence, the Company has two distinct businesses, viz., EPC & Vessel Division and Investment Division.

The subsidiary Seamec Limited is a Limited Company listed on two stock exchanges in India. Other two subsidiary Jasgold Offshore Services Private Limited & Esseh Turkey EPC Private Limited are unlisted company.

2. Basis of Preparation

(i) Statement of Compliance

The Financial statements of the company have been prepared in accordance with the Indian Accounting Standards (referred to as IND AS) notified under section 133 of the Companies Act, 2013 (the Act) to be read with the relevant rules and other accounting principles and other relevant provision of the Act.

All amounts disclosed in financial statements and notes have been rounded off to the nearest thousand as per the requirement of Schedule III, unless otherwise stated.

(ii) Basis of Measurement

These financial statements have been prepared on the historical cost basis and, except for the followings: Certain Financial Assets and Liabilities (including derivative instruments) that is measured at fair value; and Defined benefit plans - plans assets measured at fair value;

(iii) New Standards and interpretations not yet effective

The MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 on March 28 2018, whereby "Ind AS-115 relating to Revenue from Contracts with Customers" (Ind AS 115) has been made applicable from financial year 2018-19 (i.e. April 01, 2018 onwards). Ind AS 115 supersedes existing revenue recognition guidance, including Ind AS 18 Revenue and Ind AS 11 Construction Contracts.

Ind AS 115 Standard brings in a comprehensive and robust framework ('5 Step' Model) for recognition, measurement and disclosure of revenue. Ind AS 115 prescribes only one underlying principle for revenue recognition i.e. transfer of control over goods/services and replaces the 'fair value' concept with 'Transactions Price' which is better suited for measurement of revenue. It also provides guidance to bring in clarity in areas such as multiple element contracts/bundled products, licensing, royalties for intellectual properties, financing components, variable consideration; and requires more improved disclosures to help investors and analysts better understand standard entity's revenue. The standard also permits the use of either the retrospective or cumulative effect transition period.

The Company is evaluating the requirements of Ind AS 115 and has not yet determined the impact on the financial statements.

3. Summary of Significant Accounting Policies

a. Use of judgement, estimation and assumption

The preparation of Company's financial statements in conformity with the recognition and measurement principle of Ind AS requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of financial statements and the reported amounts of income and expense for the periods presented.

Estimates and Assumptions

The key assumptions concerning the future and other key resources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Key source of estimation of uncertainty at the date of financial statements, which may cause material adjustments to the carrying amount of assets and liabilities within the next financial year, is in the respect of useful life of property, plant and equipment, valuation of deferred tax liability, defined benefit plans, provision and contingent liabilities.

Defined Benefit Plans

The cost of defined gratuity plan and other post employment medical benefits and the present value of the gratuity obligation and determined using actuarial valuations. An actuarial valuation involves many various assumptions that may differ from the actual developments in the future. These includes the determination of discount rate, future salary increases and mortality rates. Due to complexities involved in the valuation and it's long term nature, a defined obligation is highly sensitive to change in these assumptions. All assumptions are reviewed at each reporting period.

(b) Current versus Non-Current Classification

The Company presents assets and liabilities except regulatory assets in the Financial Statement based on current/ non-current classification.

(iii) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and impairment loss, if any. Depreciation is provided for property, plant and equipment so as to expense the cost over their estimated useful lives based on technical evaluation. The estimated useful lives and residual value are reviewed at the end of each reporting period, with effect of any change in estimate accounted for on a prospective basis.

Depreciation on property, plant and equipment is provided using the Written down value method as per the useful lives of the property, plant and equipment estimated by the management, The Management estimates the useful life for property, plant and equipment as follows.

| Type of asset | Useful Lives (In years) |
|-------------------------------|-------------------------|
| Multi Support Vessel | 15 to 20 |
| Survey Vessel | 5 to 15 |
| Furniture & Fixtures | 10 |
| Office Equipments & Computers | 3 to 5 |
| Vehicles | 8 |
| Plant & Machinery | 15 |
| Generator & Air conditioner | 10 |
| Office Building | 60 |

Capital work -in- progress includes cost of property, plant and equipment under installation/under development/ under dry- docking as at the Balance sheet date. Subsequent expenditures related to an item of property, plant and equipment are added to its gross book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. When major inspection and overhaul is performed, its cost is recognised in the carrying amount of the related property, plant and equipment as a replacement if the recognition criteria's are satisfied. All other repair and maintenance cost are recognised in the Statement of profit or loss.

When the major inspections/overhaul is performed, its cost is recognized in the carrying amount of the related property. Plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of profit and loss as incurred.

Item such as Machinery spares is recognized in accordance with IND AS 16" Property Plant and Equipment" when they meet the definition of property, plant and equipment. Otherwise such items are classified as inventories.

Property Plant and equipment not ready for the intended use on the date of Balance Sheet are disclosed as Capital Work -in-Progress .Advances given towards acquisition of fixed property, plant and equipments outstanding at each Balance Sheet are disclosed as Capital Advances under "Other Non Current Assets".

Losses arising from the retirement of, and gains and losses arising from disposal of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the property, plant and equipment and are recognised in the Statement of profit or loss when the property, plant and equipment is derecognized.

The residual value, useful lives and methods of depreciation of PPE are reviewed are reviewed at each financial year end and adjusted prospectively, if appropriate.

(d).Decommissioning Cost

Decommissioning cost includes cost of restoration. Provision for decommissioning costs are recognized when the Company has a legal or constructive obligation to dismantle and remove a facility or an item of Property, Plant and Equipment and to restore the site on which it is located. The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring well sites and allied facilities are recognized in respective assets when the Property, Plant and Equipment are installed. The amount recognized is the present value of the estimated future expenditure determined using existing technology at current prices and escalated using appropriate inflation rate till the expected date of decommissioning and discounted up to the reporting date using the appropriate risk free discount rate. An amount equivalent to the decommissioning provision is recognized along with the cost of Property, Plant and Equipment. Any change in the present value of the estimated decommissioning expenditure other than the periodic unwinding of discount is adjusted to the decommissioning provision and the corresponding carrying value of the related asset. In case reversal of decommissioning provision exceeds the corresponding carrying amount of the related asset, the excess amount is recognized in the Statement of Profit and Loss. The unwinding of discount on provision is charged in the Statement of Profit and Loss as finance cost. Provision for decommissioning cost in respect of assets is considered as per participating interest of the Company.

(e) Non Current assets held for sale

The Company classifies non-current assets as held for sale, if their carrying amounts will be recovered principally through a sale. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For this purposes, sale transactions include exchanges of non-currents assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in it present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable and it will genuinely be sold, not abandoned.

(f) Impairment of Non Financial Assets

At each balance sheet date, the Company assesses whether there is an indication that an asset may be impaired and also whether there is an indication of reversal of impairment loss recognized in the previous periods.

If any indication exists, or when annual impairment testing for an asset is required, if any, the Company determines the recoverable amount and impairment loss is recognized when the carrying amount of an asset exceeds it recoverable amount

(g). Inventories

Inventories consist of store and consumables for use in running of fleets. These are valued at the lower of cost and net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and cost necessary to make the sale.

(h) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdraft.

(i). Employee Benefit

Retirement benefits in the form of Provident Fund are a defined contribution scheme. The Company's contributions paid / payable towards these defined contribution plan is recognized as expense in the Statement of Profit and Loss during the year in which the employee renders the related service. There are no other obligations other than the contribution payable to the respective fund. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the year in which they occur. Remeasurements are not reclassified to profit or loss in subsequent years.

Past service costs are recognised in profit or loss on the earlier of:

The date of the plan amendment or curtailment and the date that the company recognizes related restructuring costs. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non routine settlements; and Net interest expense or income.

Short term compensated absences are provided for based on estimates. The Company presents these as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

(j). Foreign currency transactions

The Company's financial statements are presented in INR, which is also the Company's Functional Currency.

i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency by applying, to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the notional rates provided by bank.

ii) Conversion

At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference. (i.e. translation differences on items whose gain or loss is recognised in other comprehensive income or the statement of profit and loss is also recognised in other comprehensive income or the statement of profit and loss respectively).

(k). Income Taxes

Provision for income tax liability is made as per special provisions relating to income of shipping companies under the Income Tax Act, 1961 on the basis of deemed tonnage income of the Company. Provision for income- tax on non shipping income is made as per the normal provisions of the Income- Tax Act 1961.

Minimum alternate tax (MAT) paid in accordance with the tax laws in previous years is recognised as an asset and adjusted against provision for income tax liability of the year in which there is a reasonable certainty which give rise to future economic benefits in the form of tax credit against future income tax liability.

Deferred income tax is provided in full, using the liability method, on temporary differences (other than those which are covered in tonnage tax scheme) arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences. Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

(l). Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being received. Revenue is measured at fair value of the consideration received or receivable, taking into account contractually defined terms of payment, excluding taxes or duties collected on behalf of the Government.

i. Charter hire income and related services

It comprises income from charter- hire of multipurpose vessels and income from supply of marine and diving crew and services. Charter hire revenues are recognised at the contracted rates over the charter period. Revenues from supply of crew and services are classified as other operating revenue and recognised on rendering of the service, based on day rate charges as per the terms of the arrangement. The Company collects service tax on the behalf of Government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from the revenue.

ii. Dividend and Interest income

For all the financial instruments measured at amortized cost, interest income is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or the shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the Statement of profit and loss.

Dividend Income are recognised when the Company's right to receive dividend is established by the Balance Sheet Date.

(m). Lease

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Operating Lease (Company as a lessee)

Leases where the lessor effectively retains substantially all the risks and rewards of the ownership are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.

(n). Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to a provision is presented in the statement of Profit and Loss net of reimbursements, if any.

(o). Earning per share

Basic earning per share are calculated by dividing the net profit/loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earning per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of diluted potential equity shares, if any.

(p). Contingent Liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(q). Borrowing cost

General and Specific borrowing costs that are directly attributable to the acquisition and construction of an asset which takes a substantial period of time to get ready for its intended use, are capitalized as a part of the cost of such assets, until such time the asset is substantially ready for its intended use. All other borrowing costs are recognized in the Statement of Profit and Loss in the year in which they occur. Borrowing costs consist of interest and other costs incurred in connection with borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(r). Financial Instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets/ liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or liability.

Financial Assets

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in Statement of profit and loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. This election is not permitted if the equity investment is held for trading.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not recorded at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Purchases or Sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date. i.e. the date that the Company commits to purchase or sell the asset.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are measurement categories into which the Company classifies its debt instruments:

- (i) Debts instruments at fair value through other comprehensive income (FVTOCI).
- (ii) Debts instruments at fair value through profit or loss (FVTPL).

• **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognised in statement of profit and loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

• **Fair value through other comprehensive income (FVOCI) :**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments not held for trading.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method

• **Fair value through profit and loss:** Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

• The Company has transferred the rights to receive cash flows from the financial asset or

• retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Financial Assets (other than at fair value)

The Company assess at each date of Balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected credit losses for all the contract assets and/ or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 months expected credit losses or at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

Non financial assets - Tangible assets

Property, plant and equipment with finite life are evaluated for recoverability whenever there is an indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of fair value less cost to sell and the value-in-use) is determined on an individual basis unless the asset does not generate cash flows that are largely independent of those from other assets. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in the Statement of profit or loss.

Financial Liability

Financial liabilities are classified, at initial recognition as loans and borrowings, or payable, as appropriate. All financial liabilities are recognised initially at fair value and, in case of loans and borrowings and payables, net of directly attributable transaction cost.

The measurement of financial liabilities depends on their classification, as described below

Financial liabilities at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gain or Losses on liabilities held for trading are recognised in the profit or loss.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

(s) Segment Reporting

The Chief Operational Decision Maker monitors the operating results of its business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. The Operating segments have been identified based on geographical location of the vessel. The operating segments have been disclosed based on revenues within India and outside India.

(t) Fair Value Measurement

The Company measures financial instruments at fair value each balance sheet date:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring and non-recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

HAL OFFSHORE LIMITED
Standalone statement of Changes in Equity for the year ended March 31, 2018

| | |
|---|-------------------------|
| (A) Equity Share Capital | (₹ in millions) |
| As at April 1, 2016 | 190.69 |
| Change in Equity Share Capital during the year. | - |
| As at March 31, 2017 | 190.69 |
| Change in Equity Share Capital during the year. | (41.95) |
| As at March 31, 2018 | 148.74 |
| (B) Other Equity | |
| For the year ended March 31, 2017 | (₹ in millions) |

| Particulars | Reserves & surplus | | Item of OCI | Total other Equity |
|--|--------------------------------|---|----------------------------|--------------------|
| | Retained Earnings (Note 18) | Securities Premium Reserve (Note 18) | FVOCI Reserve (Note 18) | |
| As at April 1, 2016 | 802.92 | 1,055.77 | (16.61) | 1,842.08 |
| Profit for the year | 488.75 | - | - | 488.75 |
| Other comprehensive Income for the year: | - | - | - | - |
| -Fair value of Equity instruments through other comprehensive income | - | - | (43.97) | (43.97) |
| - Income tax relating to above items | - | - | (5.28) | (5.28) |
| As at March 31, 2017 | 1,291.67 | 1,055.77 | (65.86) | 2,281.58 |

(₹ in millions)

| Particulars | Reserves & surplus | | | | Item of OCI | Total other Equity |
|--|--------------------------------|---|---|--------------------------|----------------------------|--------------------|
| | Retained Earnings (Note 18) | Securities Premium Reserve (Note 18) | Capital redemption Reserve (Note 18) | Tonnage Tax (Note 18) | FVOCI Reserve (Note 18) | |
| As at April 1, 2017 | 1,291.67 | 1,055.77 | | | (65.86) | 2,281.58 |
| Profit for the year | 793.14 | - | - | - | - | 793.14 |
| Other comprehensive income for the year: | - | - | - | - | 5.41 | 5.41 |
| -Fair value of equity instruments through other comprehensive income | - | - | - | - | 5.41 | 5.41 |
| - Income tax relating to above items | - | - | - | - | (1.25) | (1.25) |
| Transfer to capital Redemption Reserve | (41.95) | - | 41.95 | - | - | - |
| Adjustment on account of buy back of equity shares (Refer No 18 e) | - | (440.46) | - | - | - | (440.46) |
| Tonnage Tax Reserve under section 115VT | (104.72) | - | - | 104.72 | - | - |
| Transaction cost on buy back of shares | (0.15) | - | - | - | - | (0.15) |
| As at March 31, 2018 | 1,937.99 | 615.30 | 41.95 | 104.72 | (61.70) | 2,638.26 |

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

As per our report of even date

For G A M S & Associates
Chartered Accountants
ICAI Firm Registration No. :005104N

HAL Offshore Limited

Anil Gupta
Partner
Membership No: 088218

Vijay Kumar Gupta
Director

Chief Financial Officer

Vineet Agrawal
Director

Company Secretary

Place: New Delhi
Date: Aug 09,2018

Place: New Delhi
Date: Aug 09, 2018

HAL OFFSHORE LIMITED
Notes to Financial Statements for the year ended March 31, 2018

Note 4 : Property Plant and Equipment

Amount in ₹ millions

| Particulars | Fleet | Land and Building | Plant and Machinery | Office Equipments | Vehicles | Computers | Furniture and Fixtures | Air Conditioner | Total |
|----------------------------------|---------------|-------------------|---------------------|-------------------|--------------|-------------|------------------------|-----------------|-----------------|
| Gross carrying amount | | | | | | | | | |
| As at 1 April 2015 (Deemed Cost) | 462.42 | 47.24 | 2.46 | 2.69 | 32.05 | 1.01 | 6.33 | 0.06 | 554.27 |
| Additions | - | - | 0.40 | 0.08 | 0.86 | 0.72 | 0.41 | 0.27 | 2.74 |
| Disposals | - | - | - | - | 0.89 | - | - | - | 0.89 |
| As at April 01, 2016 | 462.42 | 47.24 | 2.86 | 2.77 | 32.03 | 1.73 | 6.74 | 0.34 | 556.12 |
| Additions | - | 113.61 | 790.26 | 2.08 | 14.83 | 1.44 | 9.32 | - | 931.55 |
| Disposals | - | - | - | - | - | - | - | - | - |
| As at March 31, 2017 | 462.42 | 160.85 | 793.12 | 4.86 | 46.86 | 3.17 | 16.06 | 0.34 | 1,487.67 |
| Additions | - | - | 1.94 | 1.27 | 5.53 | 1.46 | 1.03 | 0.17 | 11.41 |
| Disposals | - | - | 1.62 | 0.01 | - | - | - | - | 1.63 |
| As at March 31, 2018 | 462.42 | 160.85 | 793.45 | 6.12 | 52.39 | 4.63 | 17.10 | 0.51 | 1,497.45 |
| Accumulated depreciation | | | | | | | | | |
| As at 1 April 2015 | - | - | - | - | - | - | - | - | - |
| Charge for the Year | 100.91 | 2.16 | 0.41 | 0.98 | 9.97 | 0.53 | 1.99 | 0.03 | 116.97 |
| Disposals | - | - | - | - | 0.71 | - | - | - | 0.71 |
| As at April 01, 2016 | 100.91 | 2.16 | 0.41 | 0.98 | 9.26 | 0.53 | 1.99 | 0.03 | 116.26 |
| Charge for the Year | 87.42 | 30.40 | 250.72 | 1.04 | 10.73 | 0.85 | 3.37 | 0.02 | 384.55 |
| Disposals | - | - | - | - | - | - | - | - | - |
| As at March 31, 2017 | 188.33 | 32.56 | 251.13 | 2.02 | 19.99 | 1.38 | 5.36 | 0.05 | 500.81 |
| Charge for the Year | 49.69 | 32.12 | 242.93 | 1.39 | 9.32 | 1.29 | 3.07 | 0.12 | 339.93 |
| Disposals | - | - | 0.36 | - | - | - | - | - | 0.36 |
| As at March 31, 2018 | 238.02 | 64.68 | 493.70 | 3.41 | 29.31 | 2.67 | 8.43 | 0.17 | 840.38 |
| Net carrying amount | | | | | | | | | |
| As at March 31, 2017 | 274.09 | 128.29 | 541.99 | 2.84 | 26.87 | 1.79 | 10.71 | 0.29 | 986.86 |
| As at March 31, 2018 | 224.40 | 96.17 | 299.75 | 2.71 | 23.08 | 1.96 | 8.67 | 0.34 | 657.07 |

Notes:

(i) The Company has elected to measure all of its Property, Plant and Equipments at their previous GAAP carrying value as at April 1, 2015 (date of transition to Ind AS)

(ii) Property, plant and equipment pledged as security

Tangible assets are subject to first charge to secure the Company's borrowings referred in notes as secured term loan from banks in the current and previous year (Refer Note no. 19 & 22)

HAL Offshore Limited

Notes to Financial Statements for the year ended March 31, 2018

Note 5: Non Current Financial Assets - Investments

| Particulars | Amount in ₹ millions | | | |
|--|----------------------|-----------------|-----------------------|-----------------------|
| | Face Value | | Amount | |
| | Currency | Per share/ Unit | As at 31st March 2018 | As at 31st March 2017 |
| Investment in equity instruments (fully paid up) | | | | |
| Quoted | | | | |
| In subsidiary (at cost) | | | | |
| 17,687,475 Nos (31.03.2017: 18,527,475) equity shares of Seamac Limited | INR | 10 | 1,160.30 | 1,215.40 |
| 55,440 Nos (31.03.2017: 0) equity shares of Jasgold Offshore Services Pvt. Limited | INR | 10 | 1.11 | - |
| 5,100 Nos (31.03.2017: Nil) equity shares of Esseh Turkey EPC Private Limited | INR | 10 | 0.05 | - |
| Equity Instruments at FVTPL | | | | |
| 80,200 Nos (31.03.2017: 80,200) equity shares of Fortune Industrial Resources Limited | INR | 10 | 8.94 | 8.94 |
| 2,616 Nos (31.03.2017: 2,616) equity shares of Reliance Power Limited | INR | 10 | 0.09 | 0.13 |
| 2,586,434 Nos (31.03.2017: 2,586,434) equity shares of Superior Industrial Enterprise Limited | INR | 10 | 61.76 | 61.76 |
| Equity Instruments at FVOCI | | | | |
| Unquoted | | | | |
| 198,000 Nos (31.03.2017: 198,000) equity shares of Empire Finacap Private Limited | INR | 10 | 17.79 | 17.79 |
| 294,598 Nos (31.03.2017: 2,94,598) equity shares of Moon Beverages Limited | INR | 10 | 158.49 | 149.87 |
| Nil (31.03.2017: 90,690) equity shares of Competent Infoways Private Limited | INR | 10 | - | 8.90 |
| 1,170,350 Nos (31.03.2017: 1,160,350) equity shares of RPL Capital Finance Limited | INR | 10 | 46.91 | 46.51 |
| 80,200 Nos (31.03.2017: 80,200) equity shares of Saptrishi Finance Limited | INR | 10 | 0.93 | 0.93 |
| 480,100 Nos (31.03.2017: 480,100) equity shares of SE Invest Private Limited | INR | 10 | 63.82 | 64.09 |
| Nil (31.03.2017: 17,000) equity shares of Shantnu Farms Private Limited | INR | 10 | - | 1.61 |
| 3,100,000 Nos (31.03.2017: 3,100,000) equity shares of Supervision Power & Ispat Private Limited | INR | 10 | 30.94 | 30.94 |
| 208,900 Nos (31.03.2017: 208,900) equity shares of Hindustan Aqua Limited | INR | 10 | 12.99 | 12.99 |
| Nil (31.03.2017: 34,500) equity shares of Prince IT Solutions Private Limited | INR | 10 | - | 3.95 |
| Nil (31.03.2017: 23,077) equity shares of Rikpl Finance & Consultants Private Limited | INR | 10 | - | 1.47 |
| 3,000,000 Nos (31.03.2017: 3,000,000) equity shares of Passion Realcon Private Limited | INR | 10 | 29.97 | 29.97 |
| 214,200 Nos (31.03.2017: 214,200) equity shares of Metbrass Plassim India Limited | INR | 10 | 34.41 | 36.41 |
| 9,000,000 Nos (31.03.2017: 9,000,000) equity shares of India Probuid Private Limited | INR | 10 | 3.49 | 4.37 |
| 2,200 Nos (31.03.2017: 2,200) equity shares of Swastik Calltech Private Limited | INR | 10 | 0.89 | 0.89 |
| 46,000 Nos (31.03.2017: Nil) equity shares of RPG Securities Private Limited | INR | 10 | 4.66 | - |
| 90,000 Nos (31.03.2017: Nil) equity shares of Sunvision Properties Private Limited | INR | 10 | 0.86 | - |
| Total (equity instruments) | | | 1,638.41 | 1,696.93 |
| Investments in mutual funds | | | | |
| Quoted | | | | |
| 3,200,000 (31.03.2017: 3,200,000) units in HDFC mutual fund regular growth plan | INR | 10 | 38.85 | 35.94 |
| 7,000,000 (31.03.2017: 7,000,000) units in India Bull FMP Series | INR | 10 | 83.29 | 77.40 |
| Total of Investments carried at fair value through profit or loss (FVTPL) | | | 122.14 | 113.35 |
| Total non-current investments | | | 1,760.55 | 1,810.28 |
| Aggregate amount of Quoted Investments and market value thereof | | | 1,354.39 | 1,810.28 |
| Aggregate amount of Unquoted Investments | | | 406.16 | 410.70 |

HAL OFFSHORE LIMITED
Notes to Financial Statements for the year ended March 31, 2018

Note 6: Non-current Loans Amount in ₹ millions

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|-------------------|----------------------|----------------------|
| Security Deposits | 8.35 | 9.05 |
| Total | 8.35 | 9.05 |

Note 7: Non-current Bank balance Amount in ₹ millions

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---------------|----------------------|----------------------|
| Bank Deposits | 616.77 | 748.67 |
| Total | 616.77 | 748.67 |

Nature

The restrictions are on account of fixed deposits held as security against demand loans amounting to -NIL millions as on March 31, 2018 (As on March 31, 2017: ₹102.99 millions)

The restrictions are on account of fixed deposits held as security against Inland Letter of Credit and Foreign Letter of Credit amounting to ₹ 8.8 millions as on March 31, 2018 (As on March 31, 2017: ₹ 12 millions)

The restrictions are on account of fixed deposits held as security against Inland Bank Guarantee and Foreign Bank Guarantee amounting to ₹ 92.77 millions as on March 31, 2018 (As on March 31, 2017: ₹ 34.50 millions)

Note 8: Other non-current assets Amount in ₹ millions

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|-------------------|----------------------|----------------------|
| Capital Advances | 723.10 | 294.00 |
| Others | | |
| -Prepaid expenses | 0.09 | - |
| Total | 723.19 | 294.00 |

Note 9: Inventories Amount in ₹ millions

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|----------------------|----------------------|----------------------|
| Stores & consumables | 3.01 | 2.26 |
| Total | 3.01 | 2.26 |

Note 10: Current Investment Amount in ₹ millions

| Particulars | Face value | | Amount | |
|--|------------|------|-----------------------|-----------------------|
| | Currency | Unit | As at 31st March 2018 | As at 31st March 2017 |
| Investment in Mutual Funds | | | | |
| Quoted | | | | |
| 4,454,705 (31.03.2017 : 4,454,705) units in ICICI Prudential Corporate Bond Fund | INR | 10 | 120.41 | 113.01 |
| 3,629,216 (31.03.2017 : 3,629,216) units in Reliance Short Term Growth Plan | INR | 10 | 122.29 | 114.69 |
| 7,077,742 (31.03.2017 : 7,077,742) units in L & T Short Term Opportunity Fund | INR | 10 | 117.54 | 110.76 |
| Total Current Investments-quoted | | | 360.23 | 338.46 |
| Aggregate amount of quoted investments and market value thereof | | | 360.23 | 338.46 |

HAL OFFSHORE LIMITED
Aggregate amount of Unquoted Investments

Note 11: Current Trade Receivable Amount in ₹ millions

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|--|----------------------|----------------------|
| Unsecured, considered good | 874.12 | 832.28 |
| Less: Allowance for bad & doubtful debts | (0.10) | (9.42) |
| Total | 874.02 | 822.86 |

Note 12 : Cash and cash equivalents Amount in ₹ millions

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|----------------------|----------------------|
| Balances with banks | | |
| - current account | 215.25 | 65.91 |
| - Exchange Earner Foreign Currency (EEFC) Account | 216.41 | 71.13 |
| Cash on hand | 0.87 | 1.09 |
| Total | 432.53 | 138.12 |

Note 13: Current Loans Amount in ₹ millions

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|----------------------------|----------------------|----------------------|
| Unsecured, considered good | | |
| Loans to others | 0.32 | 0.56 |
| Total | 0.32 | 0.56 |

NOTE 14: OTHER CURRENT FINANCIAL ASSETS Amount in ₹ millions

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|-------------------|----------------------|----------------------|
| Claim recoverable | 21.26 | 14.77 |
| Advances | 33.42 | 462.60 |
| Total | 54.69 | 477.38 |

Note 15 : Current Tax Assets (Net) Amount in ₹ millions

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|--|----------------------|----------------------|
| Advance Income Tax and TDS (net of provisions) | 128.26 | 24.69 |
| Total | 128.26 | 24.69 |

Note 16 : Other current assets Amount in ₹ millions

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---------------------------------------|----------------------|----------------------|
| Advance other than capital advances | | |
| Others | | |
| - Prepaid expenses | 6.00 | 3.21 |
| - Advances to vendor | 145.36 | 13.21 |
| - Advances | 0.29 | 0.27 |
| -Balance with Government authorities | 46.42 | 71.91 |
| - Custom duty recoverable | 122.44 | 122.44 |
| - Income tax deposited against appeal | 6.68 | 92.41 |
| - Income tax refund receivable | 114.78 | - |
| Total | 441.96 | 303.44 |

HAL OFFSHORE LIMITED
Notes to Financial Statements for the year ended March 31, 2018

Note 17: Equity Share Capital

| | Amount in ₹ millions | | | |
|---|----------------------|---------------|----------------------|---------------|
| | As at March 31, 2018 | | As at March 31, 2017 | |
| | No. of Shares | ` million | No. of Shares | ` million |
| Authorised | | | | |
| Equity shares of Rs. 10 each (March 31, 2017 : Rs. 10 each) | 25.00 | 250.00 | 25.00 | 250.00 |
| Issued, subscribed and fully paid-up | | | | |
| Equity shares of Rs. 10 each (March 31, 2017 : Rs. 10 each) | 14.87 | 148.74 | 19.07 | 190.69 |
| | 14.87 | 148.74 | 19.07 | 190.69 |

(a) Reconciliation of the shares outstanding

| Particulars | Amount in ₹ millions | | | |
|---------------------------------------|----------------------|---------------|----------------------|---------------|
| | As at March 31, 2018 | | As at March 31, 2017 | |
| | No. of Shares | ` million | No. of Shares | ` million |
| At the beginning of the year | 19,068,660 | 190.69 | 19,068,660 | 190.69 |
| Less: Shares buy back during the year | (4,194,880) | (41.95) | - | - |
| At the end of the year | 14,873,780 | 148.74 | 19,068,660 | 190.69 |

b) Rights, preferences and restrictions attached to equity shares

Voting and dividend

The Company has single class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

Liquidation

In the event of liquidation of the Company, the equity shareholders are entitled to receive remaining assets of the Company (after distribution of all preferential amounts, if any). The distribution will be in the proportion to the number of equity shares held by the shareholders.

c) Detail of shareholders holding more than 5% shares in the Company

| Name of share holders | March 31, 2018 | | March 31, 2017 | |
|--------------------------------|-----------------|--------------|----------------|--------------|
| | Numbers | % of holding | Numbers | % of holding |
| | Sanjeev Agrawal | 2,430,840 | 16.34% | 2,430,840 |
| Anant Agrawal | 798,000 | 5.37% | - | - |
| Sanjeev Agrawal (HUF) | 2,417,400 | 16.25% | 2,417,400 | 12.68% |
| Metbrass Plassim India Limited | 1,081,780 | 7.27% | 1,081,780 | 5.67% |
| Moon Beverages Limited | 1,659,242 | 11.16% | 1,659,242 | 8.70% |
| SE Finvest Private Limited | 2,518,570 | 16.93% | 2,644,070 | 13.87% |
| Hindustan Aqua Limited | - | - | 708,138 | 3.71% |
| Indian Probuil Private Limited | - | - | 578,320 | 3.03% |
| RPL Capital Finance Limited | - | - | 1,790,570 | 9.39% |

(d) As per the records of the Company, including its register of shareholders/members, the above shareholding represents both legal and beneficial ownership of shares.

(e) No class of shares have been issued as bonus shares issued for consideration other than cash during the period of five years immediately preceding the reporting date.

(f) Aggregate number of shares bought back during the period of five years immediately preceding the reporting date.

| Particulars | Year 2017-18 |
|--|------------------|
| | No's |
| Equity Shares bought back by the company | 4,194,880 |

During the year ended March 31, 2018, the Company had bought back a total of 4,194,880 equity shares of ₹ 10 each at a total consideration of ₹ 482.41. Accordingly, the face value of shares bought back amounting to ₹ 41.95 million had been adjusted against Share Capital and the balance amount of ₹ 440.46 million have been adjusted against the Securities premium. Further, in accordance with the Section 69 of the Companies Act, 2013, the Company had transferred an amount of ₹ 41.95 million, being a sum equal to nominal value of equity shares bought back, from retained earnings to capital redemption reserve.

HAL OFFSHORE LIMITED

Notes to Financial Statements for the year ended March 31, 2018

Note 18: Other Equity

Amount in ₹ millions

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|--|----------------------|----------------------|
| Securities Premium Reserve | | |
| Opening balance | 1,055.77 | 1,055.77 |
| Less: Premium utilised on shares buy back | 440.46 | |
| Closing balance | 615.30 | 1,055.77 |
| Capital Redemption Reserve | | |
| Opening balance | | - |
| Add: Created during the year | 41.95 | |
| Less: Utilised during the year | - | |
| Closing balance | 41.95 | - |
| Tonnage tax reserve u/s 115VT of I.Tax Act, 1961 | | |
| Balance as per last financial statement | - | - |
| Add: Transfer from surplus in statement of profit & loss for the year | 104.72 | |
| Less: Tonnage reserve utilised | - | |
| Closing balance | 104.72 | - |
| Reserve and Surplus | | |
| Retained Earnings | | |
| Opening balance | 1,225.81 | 786.31 |
| Add: Profit for the year transferred from the Statement of Profit and Loss | 793.14 | 498.73 |
| Add: Other Comprehensive Income | 5.41 | (59.23) |
| Less: Transfer to capital redemption reserve (note 18 b) | (41.95) | - |
| Less : Transfer to tonnage tax reserve | (104.72) | |
| Less : Transaction Cost on Buy Back of Shares | (0.15) | - |
| Less : Other comprehensive income tax | (1.25) | |
| Closing balance | 1,876.29 | 1,225.81 |
| Total Other Equity | 2,638.26 | 2,281.58 |

Nature and Purpose of Reserves:

(a) Securities premium reserve:

Securities premium reserve is created when shares are issued at premium. The Company has utilised this reserve in compliance with the provisions of the Companies Act, 2013.

(b) Capital Redemption Reserve

Capital Redemption reserve is created upon buy back of equity shares .The Company may utilise this reserve with the provisions of the Companies Act 2013

c) Tonnage Tax Reserve

This reserve is statutory reserve as per the requirement of section 115VT of the Income Tax Act,1961 for the purpose of complying with the conditions for the applicability of tonnage tax scheme.

HAL Offshore Limited
Notes to Financial Statements for the year ended March 31, 2018

Note 19: Borrowing

| Particulars | Amount in ₹ millions | | | |
|--|----------------------|----------|----------------------|---------------|
| | As at March 31, 2018 | | As at March 31, 2017 | |
| | Non Current | Current | Non Current | Current |
| Secured - at amortised cost | | | | |
| Term Loan | | | | |
| Foreign Currency Loans | | | | |
| From Banks | 1,338.98 | 275.32 | 1,540.78 | 273.93 |
| Rupee Loans | | | | |
| From Banks | 281.90 | 128.07 | 269.39 | 187.64 |
| Amount disclosed under the head of "Other current liabilities" | | (403.39) | - | (358.57) |
| | 1,620.88 | - | 1,810.17 | 103.00 |

19.1 Foreign currency loans from Banks

(a) ₹1,614.31 millions (As at March 31, 2017 - ₹1,814.71 millions,) carries interest of 6 months Libor + spread 3.00 secured by charge over entire book debts, block assets, mortgage of property belongs to a third party, pledge of 3.18 millions equity shares of the company, personal guarantee of promoters, corporate guarantee of M/s Moon Beverages Limited, M/s Superior Exim Pvt. Ltd. and M/s Superior Industrial Enterprises Limited and is repayable in quarterly installment ending on Sep, 2023.

19.2 Rupee loans from banks

(b) ₹8.08 millions (As at March 31, 2017 - ₹12.38 millions) carries interest of 8.85% p.a. and is repayable in 60 equal monthly installment along with interest ending on March 21, 2020. The Loan is secured by hypothecation of specific vehicle.

(c) ₹0.28 millions (As at March 31, 2017 - ₹0.41 millions) carries interest of 10.64% p.a. and is repayable in 60 equal monthly installment along with interest ending on March 5, 2020. The Loan is secured by hypothecation of specific vehicle.

(d) ₹0.21 millions (As at March 31, 2017 - ₹ 0.48 millions) carries interest of 10.64% p.a. and is repayable in 60 equal monthly installment along with interest ending on April 10, 2017. The Loan is secured by hypothecation of specific vehicle.

(e) ₹397.65 millions (As at March 31, 2017 - ₹ 336.11 millions) carries interest of 9.15% p.a. and is repayable in 13 equal monthly installment along with interest ending on May 30, 2021. The Loan is secured against specific fixed assets

(f) ₹Nil (As at March 31, 2016 - ₹102.99 millions) carries interest in the range of 6-7% and is repayable on demand. The Loan is secured against fixed deposits.

(g) ₹3.67 millions (As at March 31, 2016 - ₹ 4.65 millions) carries interest of 9.82% p.a. and is repayable in 48 equal monthly installment along with interest ending on May 7, 2020. The Loan is secured by hypothecation of specific vehicle.

Note 20: Non-current provisions

| Particulars | Amount in ₹ millions | | | |
|---|----------------------|-------------|----------------------|-------------|
| | As at March 31, 2018 | | As at March 31, 2017 | |
| | Non Current | Current | Non Current | Current |
| Provision for others | | | | |
| - Provision for decommissioning liabilities | 6.84 | - | 6.38 | - |
| Provision for employee benefits | 13.54 | 0.53 | 11.00 | 0.46 |
| | 20.38 | 0.53 | 17.36 | 0.46 |

HAL Offshore Limited

Notes to Financial Statements for the year ended March 31, 2018

Note 21: Deferred Tax Liabilities (Net)

21.1 Significant components of deferred tax liabilities (net) as at March 31, 2018 are as follows:

| Particulars | Amount in ₹ millions | | | |
|--|---|---|---|--|
| | Opening Balance (As at April 1, 2017) | Recognised in Statement of Profit and Loss | Recognised in Other comprehensive income (OCI) | Closing Balance (As at March 31, 2018) |
| Deferred tax (assets) in relation to: | | | | |
| Relating to origination and reversal of temporary difference | 21.39 | (16.37) | - | 5.02 |
| | 21.39 | (16.37) | - | 5.02 |
| Deferred tax (liabilities) in relation to: | | | | |
| Property, plant and equipment | 105.15 | (83.77) | | 21.39 |
| Fair value of investment | 59.00 | (35.79) | 1.25 | 24.45 |
| Relating to origination and reversal of temporary difference | 21.42 | (20.84) | | 0.57 |
| | 185.57 | (140.40) | 1.25 | 46.41 |
| Deferred Tax Liabilities (net) | 164.19 | (124.04) | 1.25 | 41.40 |

21.2 Significant components of deferred tax liabilities (net) as at March 31, 2017 are as follows:

| Particulars | Amount in ₹ millions | | | |
|--|---|---|---|--|
| | Opening Balance (As at April 1, 2016) | Recognised in Statement of Profit and Loss | Recognised in Other comprehensive income (OCI) | Closing Balance (As at March 31, 2017) |
| Deferred tax (assets) in relation to: | | | | |
| Relating to origination and reversal of temporary difference | 9.57 | 11.82 | - | 21.39 |
| | 9.57 | 11.82 | - | 21.39 |
| Deferred tax (liabilities) in relation to: | | | | |
| Property, plant and equipment | 2.85 | 102.30 | - | 105.15 |
| Fair value of investment | 21.50 | 32.22 | 5.28 | 59.00 |
| Relating to origination and reversal of temporary difference | 21.32 | 0.10 | - | 21.42 |
| | 45.66 | 134.63 | 5.28 | 185.57 |
| Deferred Tax Liabilities (net) | 36.09 | 122.81 | 5.28 | 164.19 |

Note 22: Current borrowings

| Particulars | Amount in ₹ millions | |
|-----------------------|-------------------------|-------------------------|
| | As at March 31, 2018 | As at March 31, 2017 |
| Secured | | |
| Buyer Credit Facility | 159.80 | 24.22 |
| Cash Credit in INR | 62.86 | 84.03 |
| Cash Credit in USD | 100.25 | 95.88 |
| | 322.91 | 204.12 |

Other short term borrowings

(a) The Company has availed Buyers Credit Facility from Bank having rate of Interest at the rate 6ME + 50 bps having maturity in June 14,2018 and June 22,2018 The same is secured by hypothecation charge on all current assets, personal guarantee of promoters and corporate guarantee of Moon Beverages Ltd & Superior Industrial Enterprises Ltd.

(b) The Company has availed Buyers Credit Facility from Bank having rate of Interest at the rate 6ME + 48 bps having maturity in April 29, 2018 and August 19,2018. The same is secured by hypothecation charge on all current assets, personal guarantee of two promoters and corporate guarantee of Moon Beverages Ltd & Superior Industrial Enterprises Ltd.

(c) The 'Cash Credit' facility is availed from PNB Bank. The rate of Interest for the INR Facility is in the range of 11.5% and FCNR is in the range 6 month LIBOR plus 3.00 bps. The same is secured by hypothecation charge on all current assets, personal guarantee of two promoters and corporate guarantee of Moon Beverages Ltd & Superior Industrial Enterprises Ltd.

HAL Offshore Limited
Property, plant and equipment

Note 23 : Current Trade Payble

| Particulars | Amount in ₹ millions | |
|--|-------------------------|-------------------------|
| | As at March 31, 2018 | As at March 31, 2017 |
| Trade Payables | | |
| - due to micro enterprises and small enterprises | - | - |
| - due to others | 664.25 | 701.40 |
| | 664.25 | 701.40 |

All trade payables are non interest bearing and payable or settled with in normal operating cycle of the Company.

Note 24 : Other current financial liabilities

| Particulars | Amount in ₹ millions | |
|--|-------------------------|-------------------------|
| | As at March 31, 2018 | As at March 31, 2017 |
| Current maturities of long term borrowings (Refer Note 19) | 403.39 | 358.57 |
| Interest accrued and due on borrowings | 2.82 | 2.20 |
| Other payables | | |
| - Claims payable | 24.39 | 24.39 |
| - Expenses payable | 111.30 | 67.99 |
| | 541.90 | 453.14 |

Note 25 : Other current liabilities

| Particulars | Amount in ₹ millions | |
|----------------|-------------------------|-------------------------|
| | As at March 31, 2018 | As at March 31, 2017 |
| Statutory dues | 61.72 | 30.53 |
| | 61.72 | 30.53 |

Note 26 : Revenue from operations

| Particulars | Amount in ₹ millions | |
|-------------------------------------|--------------------------|--------------------------|
| | Year ended 31.03.2018 | Year ended 31.03.2017 |
| Sale of Products | - | 43.11 |
| Revenue from EPC Contracts | 1,785.60 | 1,040.63 |
| Revenue from Charter Hire of Vessel | 2,126.06 | 2,483.86 |
| | 3,911.66 | 3,567.60 |

HAL Offshore Limited

Notes to Financial Statements for the year ended March 31, 2018

Note 27 : Other income

| Particulars | Year ended 31.03.2018 | Year ended 31.03.2017 |
|---|--------------------------|--------------------------|
| Interest Income | | |
| On financial assets carried at amortised cost | | |
| On bank deposits | 42.28 | 76.46 |
| On others | 0.01 | 16.16 |
| Liabilities written back | 10.44 | 1.25 |
| Foreign exchange fluctuation (net) | 11.85 | 44.37 |
| Other Income | 12.11 | 0.30 |
| Gain on investments designated at FVTPL | 30.53 | 93.11 |
| Gain on sale of Investment in subsidiary | 76.41 | - |
| Gain on sale of investment | 1.00 | |
| | 184.63 | 231.65 |

NOTE 28: Purchase of Stock-in-Trade

| Particulars | Year ended 31.03.2018 | Year ended 31.03.2017 |
|----------------------|--------------------------|--------------------------|
| Merchantise material | - | 40.29 |
| | - | 40.29 |

Note 29 : Operating Expenses

| Particulars | Year ended 31.03.2018 | Year ended 31.03.2017 |
|--------------------------------------|--------------------------|--------------------------|
| Operating expenses for EPC contracts | 932.86 | 636.56 |
| Operating expenses for vessel | 1,429.62 | 1,334.76 |
| | 2,362.49 | 1,971.32 |

Note 30 : Employee benefit expenses

| Particulars | Year ended 31.03.2018 | Year ended 31.03.2017 |
|---|--------------------------|--------------------------|
| Salaries and wages | 169.97 | 141.89 |
| Contribution to provident and other funds | 8.20 | 6.61 |
| Staff welfare expenses | 16.32 | 34.13 |
| | 194.49 | 182.63 |

Note 31 : Finance Cost

| Particulars | Year ended 31.03.2018 | Year ended 31.03.2017 |
|--|--------------------------|--------------------------|
| Interest | 125.05 | 150.69 |
| Other borrowing cost (processing fees, etc.) | 0.17 | 0.22 |
| Unwinding of: | | - |
| - Decommissioning liabilities | 0.48 | 0.44 |
| | 125.70 | 151.35 |

Note 32 : Depreciation and amortisation expenses

| Particulars | Year ended 31.0.2018 | Year ended 31.03.2017 |
|---|-------------------------|--------------------------|
| Depreciation on property, plant and equipment | 339.93 | 384.55 |
| | 339.93 | 384.55 |

HAL Offshore Limited

Notes to Financial Statements for the year ended March 31, 2018

Note 33 : Other expenses

| Particulars | Year ended 31.03.2018 | Year ended 31.03.2017 |
|---|--------------------------|--------------------------|
| Loss on sale of asset | 0.11 | 0.21 |
| Bank charges | 20.11 | 16.86 |
| Directors sitting fees | 0.15 | 0.14 |
| Water and electricity expenses | 4.22 | 3.82 |
| Rent | 32.41 | 22.71 |
| Repairs | | |
| Buildings | 2.40 | 4.77 |
| Others repairs | 1.72 | 1.23 |
| Travelling and conveyance | 26.64 | 40.02 |
| Insurance expenses | 1.18 | 0.88 |
| Rates and taxes | 3.92 | 8.15 |
| Communication expenses | 3.19 | 3.50 |
| Legal and professional expenses | 204.17 | 163.10 |
| Provision for Bad & Doubtful Debts | 0.10 | 9.42 |
| Bad Debts W/off | 6.17 | - |
| <u>Remuneration to auditors (inclusive of tax)</u> | | |
| - Audit fees | 1.70 | 1.20 |
| - Tax audit fees | - | 0.50 |
| Corporate social responsibility expenses | 9.16 | 2.91 |
| Miscellaneous expenses | 15.45 | 11.43 |
| | 332.79 | 290.83 |

Note 34 : Components of other comprehensive income

| Particulars | Year ended 31.03.2018 | Year ended 31.03.2017 |
|---|--------------------------|--------------------------|
| Fair value changes on equity instruments through other comprehensive income | 5.41 | 15.27 |
| | 5.41 | 15.27 |

HAL OFFSHORE LIMITED

Notes to Financial Statements for the year ended March 31, 2018

35 Contingent Liabilities in respect of:

Claim against the Company not acknowledge as debts :

35.1 Custom Duty :

The Company purchased vessel HAL Anant in Year 2007 and the same was imported into India under heading 89.01 of the custom tariff along with benefit of exemption from payment of Custom duty in terms of notification No 21/2002-CUS (SERIAL No 352).

However, Commissioner of Custom(import) in his order dated 31.3.2011 confirmed demand for ₹187.73 million for wrong classification. Against this the company approached CESTAT and vide order dated 27.02.2013, CESTAT set aside the order dated 31.3.2011 of Commissioner of Custom(import).

Against the order of CESTAT custom department has filed appeal with the Supreme Court and matter is still pending. The Company is of the view that it has a strong case on merit and hence no further provision has been made towards additional Custom Duty and Penalty.

35.2 Service Tax :

- a During March 2008 DGCEI (Director General of the Central Excise Intelligence) initiated proceedings against the company and issued Show Cause Notice proposing demand of ₹ 509.68 million after recovery of ₹ 255.02 million and interest ₹4.58 million on the ground that Company is not paying appropriate service tax on the services provided.

The Company filed an appeal before the Commissioner of Service Tax (Appeals) and the Commissioner vide its order dated 18.03.2013, set aside the demand of ₹ 509.68 million along with interest.

Against the order of Commissioner of Service Tax, Department has filed an appeal with the CESTAT. During the year, the Hon'ble CESTAT has passed an order in favor of the company and accordingly the demand of ₹ 509.68 million has been quashed. The department may prefer appeal in the higher court against the order.

- b During March 2008 DGCEI initiated proceedings against the company and issued Show Cause Notice proposing demand of ₹ 36.12 million on the ground that Company is not paying appropriate service tax on Manpower recruitment services or supply agency's service. On company's appeal, hearing on proceedings was completed before the Commissioner of Service Tax who vide its order dated 3.7.2013 confirmed the demand of ₹ 36.12 million with interest and penalty of equivalent amount u/s 78 and Rs. 5000 u/s 77 of the Act .

Against the order of Commissioner of Service Tax, Company has filed an appeal with the CESTAT for stay of demand and waiver of amount confirmed by commissioner of service tax. The CESTAT accepted the stay application submitted by the company and sent back the adjudication to Commissioner of Service Tax. The company is of the view that it has a strong case on merit, hence no further provision is made towards demand of DGCEI.

- c During March 2008 DGCEI initiated proceedings against the company and issued Show Cause Notice proposing demand of ₹ 0.3 million on the ground that Company is not paying appropriate service tax on the security deposit received on renting of immovable property for the period 01.06.2007 to 31.03.2010.

The Company has submitted all replies with Commissioner of service tax. During the current year the Commissioner of service tax has passed an order against the company confirming the demand of ₹ 0.3 million with interest and penalty. Company will appeal against the order.

- d During the year 2013, the Company has received Show Cause Notice from the Office of Principal Commissioner of Service Tax mentioning that the company had paid service tax aggregating to ₹ 3.83 million in excess during the period October 2007 to September 2008 and transferred the same into cenvat credit account which was subsequently adjusted for payment of service tax and cess during 2008 to 2010. The self-adjustment it is not allowed by the act. The company has submitted reply to Show Cause Notice with Commissioner of service Tax and matter still is pending with the Commissioner of service tax.

35.3 Income Tax :

A search & seizure was carried out by Income Tax department u/s 132 of Income Tax Act 1961 on 28.03.2015. During the year FY 2016-17 Company received a demand of ₹ 125.37 Mn order u/s 153 A/143 (3) of Income Tax Act. Further the department may impose any additional penalty for similar amount. Company has filed an appeal with Commissioner Income Tax (Appeal) and matter was decided in the favour of the company except for AY 2011-12. The Company has further filed an appeal with Income Tax Appellate Tribunal (ITAT) for the AY 2011-12 and the matter is pending. The Company is of the view that it has a strong case on merit, hence no further provision is made towards the demand.

During regular Income tax assessment for AY 2011-12 & 2012-13, departments has raised additional tax demand (net of deletion by CIT appeal) of ₹ 1.97 millions and ₹ 1.62 millions respectively. Both matters are under appeal with ITAT. Company is of the view that it has strong case on merit, so no additional provision is made against the demand.

36 Commitments

Capital Commitments

Capital commitments net of advances, ₹ 120.00 millions as on March 31, 2018 (As on March 31, 2017 : ₹ 192 millions)

Other Commitments

There are no material non cancellable contractual commitments.

HAL Offshore Limited
Notes to Financial Statements for the year ended March 31, 2018

37 Corporate Social Responsibility Expenditure as per Section 135 of the Companies Act, 2013

Amount in ₹ millions

| Particulars | For the Year ended March 31, 2018 | For the Year ended March 31, 2017 |
|--|--------------------------------------|--------------------------------------|
| Gross Amount required to be spent by the Company during the year | 9.16 | 2.91 |

Amount spent during the year ending on March 31, 2018 :

| Particulars | Amount paid | Yet to be Paid | Total |
|-------------------------------------|-------------|----------------|-------|
| Construction / acquisition of Asset | - | - | - |
| On Purpose other than above | 9.16 | - | 9.16 |

Amount spent during the year ending on March 31, 2017 :

Amount in ₹ millions

| Particulars | Amount paid | Yet to be Paid | Total |
|-------------------------------------|-------------|----------------|-------|
| Construction / acquisition of Asset | - | - | - |
| On Purpose other than above | 2.91 | - | 2.91 |

38 Income Tax

Amount in ₹ millions

| Particulars | March 31, 2018 | March 31, 2017 |
|--|----------------|----------------|
| (a) Income tax expense | | |
| Current tax | 71.80 | 166.72 |
| Deferred Tax Charge/ (Benefit) | (124.04) | 122.81 |
| Tax Expense on profits for the year | (52.25) | 289.53 |

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

| Particulars | March 31, 2018 | March 31, 2017 |
|---|----------------|----------------|
| Profit before income tax expense | 740.89 | 778.28 |
| Less : Income subject to tonnage taxation | 523.59 | - |
| Profit before tax, adjusted | 217.30 | 778.28 |
| Tax computed using statutory tax rate of 34.61 % | 75.21 | 269.36 |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Impact of tonnage tax scheme | 0.15 | - |
| Exempt income- Profit on sale of quoted investments | (26.44) | - |
| Deferred tax not recognised due to tonnage tax scheme | (40.84) | - |
| Share Buy back Tax paid | 6.30 | - |
| Reversal of Deferred Tax Liability | (32.88) | - |
| Impact of Deferred Tax Created at different rate for Investments | (22.50) | - |
| CSR Expense Disallowed | 3.17 | 1.01 |
| Effect of MAT | - | 15.69 |
| Effect of MAT Credit utilized during the year which was earlier not accounted for | (16.48) | - |
| Others | 2.06 | 3.47 |
| Income Tax Expense | (52.25) | 289.53 |

HAL Offshore Limited
Notes to Financial Statements for the year ended March 31, 2018

39 Related party transactions:

Key Management Personnel and Related parties with whom transactions have taken place during the year:

| | | |
|------|--|---|
| i) | Subsidiary Company | SEAMEC Limited Esseh Turnkey EPC Private Limited Jasgold Offshore Services Pvt. Limited |
| ii) | Companies over which director of our Company is having significant influence | Aarey Organic Industries Pvt. Ltd Green City Infraspace (Nagpur) LLP |
| iii) | Key Management Personnel | Mr. Vineet Agrawal – Whole time Director Mr. Kamal Narayan Rathi – Whole time Director Mr. Naveen Mohta – Whole time Director Mr. Subrat Das - CFO (KMP) |

(a) Key management personnel compensation*

| Particulars | Amount in ₹ millions | |
|--------------------------------|----------------------|----------------|
| | March 31, 2018 | March 31, 2017 |
| Short - term employee benefits | 13.368 | 12.45 |
| Post - employment benefits | | |
| Long - term employee benefits | | |
| Total compensation | 13.37 | 12.45 |

b) Transactions with related parties

| Particulars | Amount in ₹ millions | |
|---|----------------------|----------------|
| | March 31, 2018 | March 31, 2017 |
| Statement of profit and loss heads | | |
| Income: | | |
| Sale of services | 17.75 | 42.03 |
| Dividend | - | - |
| Sale of shares | - | - |
| Expenses: | | |
| Charter Hire Charges | 459.21 | 437.28 |
| Lease rent payments | 7.57 | 5.18 |
| Reimbursement of Expenses Paid | | 1.04 |
| Directors' Sitting Fee | 0.15 | 0.14 |

c) Loan(Security deposits) given to related party

| Particulars | Amount in ₹ millions | |
|-------------------|----------------------|----------------|
| | March 31, 2018 | March 31, 2017 |
| Security deposits | - | - |

d) Balance sheet heads (Closing balances):

| Particulars | Amount in ₹ millions | |
|--|----------------------|----------------|
| | March 31, 2018 | March 31, 2017 |
| Credit Balances | | |
| SEAMEC Limited | 208.20 | 270.32 |
| Companies over which director of our Company is having significant influence | - | - |
| Aarey Organic Industries Pvt. Ltd. | - | - |
| Debit Balances | | |
| SEAMEC Limited | 0.86 | 41.29 |

Terms & conditions

- i) All outstanding balances are unsecured and repayable/recoverable on demand
- ii) The sales and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017: - Nil). This assessment is undertaken each Financial year through examining the financial position of the related party and the market in which the related party operates.

*Provision for contribution to gratuity fund, leave encashment on retirement and other defined benefits which are made based on actuarial valuation on an overall Company basis are not included in remuneration to key management personnel

HAL Offshore Limited
Notes to Financial Statements for the year ended March 31, 2018

40-Disclosure under Ind AS-19 “Employee Benefits”

The Company has classified various employee benefits as under:

- a) Defined contribution plans
- i.) Employees Provident fund

The Company has recognized the following amounts in the Statement of Profit and Loss for the year

| | | Amount in ₹ millions | |
|------|--------------------------------|----------------------|---------------|
| S No | Particulars | March 31,2018 | March 31,2017 |
| a | Contribution to Provident Fund | 2.16 | 0.65 |
| | | 2.16 | 0.65 |

- b Defined benefit plans
- i.) Gratuity
- ii.) Leave encashment

Gratuity is payable to eligible employees as per the Company’s policy and amount is paid as per provisions of the Payment of Gratuity Act 1972. Every employee (other than crew who have covered under separate scheme) who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The level of benefits provided depends on the member’s length of service and salary at retirement age. Every seaman gets a gratuity under The Seamen’s Provident Fund Act, 1966 at the time of retirement.

Earned leave/sick leave are payable to eligible employees who have accumulated leaves, during the employment and/or separation as per Company’s policy.

Liability with respect to the gratuity, leave encashment is determined based on an actuarial valuation done by an independent actuary at the year end and any differential between the fund amount and the actuarial valuation is charged to Statement of Profit and Loss.

Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognized immediately in the Statement of Profit and Loss as income or expense.

Principal Actuarial Assumption as at Balance Sheet date

| S No | Particulars | March 31,2018 | March 31,2017 |
|------|---|------------------------|---------------|
| a | Discount Rate (per annum) | 7.89% | 7.50% |
| b | Rate of increase in Compensation Levels | 7.50% | 7.50% |
| c | Retirement age | 60 years | |
| d | Mortality Table | 100% of IALM (2006-08) | |
| e | Withdrawal Rate | 3% | 3% |

The discount rate has been assumed at 7.89% p.a. (Previous year 7.50% p.a.) which is determined by reference to market yield at the balance sheet date on government securities for remaining life of employees. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market on long term basis.

i) Changes in the Present Value of Obligation

Amount in ₹ millions

| S No | Particulars | Year Ended March 31,2018 | | Year Ended March 31,2017 | |
|------|---|--------------------------------|---------------------|--------------------------------|---------------------|
| | | Leave Encashment (Unfunded) | Gratuity (Unfunded) | Leave Encashment (Unfunded) | Gratuity (Unfunded) |
| a | Present Value of Obligation as at the beginning of the year | 3.79 | 7.67 | - | - |
| b | Acquisition Adjustment | - | - | - | - |
| c | Interest Cost | 0.28 | 0.58 | - | - |
| d | Past Service Cost | - | 0.23 | 3.12 | 6.01 |
| e | Current Service Cost | 0.52 | 2.01 | 0.67 | 1.66 |
| f | Contribution by Plan Participants | - | - | - | - |
| g | Curtailed Cost/(Credit) | - | - | - | - |
| h | Settlement Cost/(Credit) | - | - | - | - |
| i | Benefit Paid | - | - | - | - |
| j | Actuarial (Gains)/Loss | (0.35) | (0.66) | - | - |
| k | Present Value of Obligation as at the End of the Year | 4.24 | 9.83 | 3.79 | 7.67 |
| l | Current Liability | 0.26 | 0.27 | 0.25 | 0.21 |
| m | Non Current Liability | 3.98 | 10 | 3.54 | 7.46 |

HAL Offshore Limited
Notes to Financial Statements for the year ended March 31, 2018

ii) Expenses recognized in the Statement of Profit and Loss Account

Amount in ₹ millions

| S No | Particulars | Year Ended March 31,2018 | | Year Ended March 31,2017 | |
|------|---|-----------------------------|---------------------|-----------------------------|---------------------|
| | | Leave Encashment (Unfunded) | Gratuity (Unfunded) | Leave Encashment (Unfunded) | Gratuity (Unfunded) |
| a | Current Service Cost | 0.52 | 2.24 | 3.79 | 7.67 |
| b | Past Service Cost | - | - | - | - |
| c | Acquisition Adjustment | - | - | - | - |
| d | Interest Cost | 0.28 | 0.58 | - | - |
| e | Expected Return on Plan Assets | - | - | - | - |
| f | Curtailment Cost/(Credit) | - | - | - | - |
| g | Settlement Cost/(Credit) | - | - | - | - |
| h | Benefit Paid | - | - | - | - |
| i | Net actuarial (Gains)/Loss | (0.35) | - | - | - |
| j | Employers Contribution | - | - | - | - |
| k | Total Expenses Recognized in the Statement of Profit and Loss | 0.45 | 2.81 | 3.79 | 7.67 |

Amount in ₹ millions

iii) Other Comprehensive Income (OCI)

| S No | Particulars | Year Ended March 31,2018 | Year Ended March 31,2017 |
|------|---|--------------------------|--------------------------|
| | | Gratuity (Unfunded) | Gratuity (Unfunded) |
| a | Net cumulative unrecognized actuarial gain/(loss) opening | - | - |
| b | Actuarial gain / (loss) for the year on PBO | 0.66 | - |
| c | Unrecognized actuarial gain/(loss) at the end of the year | 0.66 | - |

iv) Experience Adjustment:

| S No | Particulars | Year Ended March 31,2018 | | Year Ended March 31,2017 | |
|------|--|-----------------------------|---------------------|-----------------------------|---------------------|
| | | Leave Encashment (Unfunded) | Gratuity (Unfunded) | Leave Encashment (Unfunded) | Gratuity (Unfunded) |
| a | On Plan Liability (Gain)/ Loss | - | - | - | - |
| b | Expected Employer Contribution for the Next Year | 0.89 | 2.94 | - | - |

v) Maturity Profile of Defined Benefit Obligation

| S No | Years | Year Ended March 31,2018 | | Year Ended March 31,2017 | |
|------|----------------|-----------------------------|---------------------|-----------------------------|---------------------|
| | | Leave Encashment (Unfunded) | Gratuity (Unfunded) | Leave Encashment (Unfunded) | Gratuity (Unfunded) |
| a | 0 to 1 Year | 0.28 | 0.27 | 0.27 | 0.21 |
| b | 1 to 2 Year | 0.17 | 0.49 | 0.13 | 0.48 |
| c | 2 to 3 Year | 0.19 | 0.30 | 0.14 | 0.23 |
| d | 3 to 4 Year | 0.17 | 0.40 | 0.16 | 0.25 |
| e | 4 to 5 Year | 0.20 | 0.45 | 0.15 | 0.31 |
| f | 5 Year onwards | 15.04 | 36.06 | 13.36 | 26.51 |

vi) Sensitivity Analysis of the Defined Benefit Obligation:-

| S No | Particulars | Leave Encashment (Unfunded) | Gratuity (Unfunded) |
|------|--|-----------------------------|---------------------|
| | | 2017-18 | |
| | Impact of change in discount rate | | |
| 1 | Present Value of obligation at the end of the year | 4.24 | 9.83 |
| | a) Impact due to increase of 0.50% | 3.97 | 9.19 |
| | b) Impact due to decrease of 0.50% | 4.54 | 10.53 |
| | Impact of change in Salary rate | | |
| 2 | Present Value of obligation at the end of the year | 4.24 | 9.83 |
| | a) Impact due to increase of 0.50% | 4.85 | 9.19 |
| | b) Impact due to decrease of 0.50% | 3.73 | 10.53 |

Description of risk exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow-

- Salary increases - Actual salary increase will increase the plan's liability. Increase in salary increase rate assumption in future
- Discount Rate - Reduction in discount rate in subsequent valuations can increase the plan's liability.
- Investment risk - If plan is funded the assets & liabilities mismatch & actual investment return on assets lower than the discount rate assumed at
- Mortality & disability - Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
- Withdrawals - Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability

HAL Offshore Limited
Notes to Financial Statements for the year ended March 31, 2018

41 Leases

Operating Lease Commitments:

The Company has entered into agreements for taking on operating leases of residential premises, office premises, etc. The aggregate lease payable on these leasing arrangements are charged as rent amounting to Rs. 32.41 (31 March 2017 - 22.71 million).

42 Fair Value

Set out below, is a comparison by class of the carrying amounts and fair value of the financial instrument of the Company

Amount in ₹ millions

| Particulars | Period ended 31.03.2018 | | Period ended 31.03.2017 | |
|--|-------------------------|-----------------|-------------------------|-----------------|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Financial assets | | | | |
| Investments (excluding investment in subsidiary) | 959.32 | 959.32 | 933.33 | 933.33 |
| Loans | 8.67 | 8.67 | 9.61 | 9.61 |
| Bank Deposits | 616.77 | 616.77 | 748.67 | 748.67 |
| Trade Receivables | 872.40 | 874.02 | 822.86 | 822.86 |
| Cash and cash equivalents | 431.94 | 432.53 | 138.12 | 138.12 |
| Other Financial assets | 54.69 | 54.69 | 477.38 | 477.38 |
| Total | 2,943.79 | 2,946.00 | 3,129.97 | 3,129.97 |

Amount in ₹ millions

| Particulars | Year ended 31.03.2018 | | Year ended 31.03.2017 | |
|------------------------------|-----------------------|-----------------|-----------------------|-----------------|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Financial liabilities | | | | |
| Borrowings | 2,341.18 | 2,347.18 | 2,369.77 | 2,475.86 |
| Trade payables | 658.26 | 664.25 | 701.40 | 701.40 |
| Other financial liabilities | 138.51 | 138.51 | 94.57 | 94.57 |
| Total | 3,137.96 | 3,149.94 | 3,165.74 | 3,271.83 |

The management assessed that the fair value of Trade receivables, cash and cash equivalents, other Bank Balance, Other financial assets, Trade payables, Borrowings and other financial liabilities, approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of the company's assets.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2018 and March 31, 2017:

Amount in ₹ millions

| | Date of Valuation | Fair value | | | |
|---|-------------------|------------|--|---|---|
| | | Total | Quoted price in Active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| Assets measured at fair value | | | | | |
| Investment in Mutual Fund | 31-Mar-18 | 482.37 | 482.37 | | |
| | 31-Mar-17 | 451.81 | 451.81 | - | - |
| Investment in quoted equity instruments | 31-Mar-18 | 70.79 | 70.79 | | |
| | 31-Mar-17 | 26.44 | 26.44 | - | - |
| Investment in unquoted equity instruments | 31-Mar-18 | 406.21 | | | 406.21 |
| | 31-Mar-17 | 410.70 | - | - | 410.70 |

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The fair value of financial assets and liabilities included in Level 3 is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes of similar instruments.

There are no transfers between any levels during the year.

HAL Offshore Limited

Notes to Financial Statements for the year ended March 31, 2018

43 Un-hedged Foreign Currency Exposure as at Balance Sheet date

Amount in ₹ millions

| Particulars | Currency | As at March 31, 2018 | | As at March 31, 2017 | |
|---|----------|----------------------------|-----------------|----------------------------|-----------------|
| | | Amount in Foreign Currency | Amount in INR | Amount in Foreign Currency | Amount in INR |
| Trade Payables | SGD | 0.01 | 0.38 | 0.02 | 0.73 |
| | USD | 6.30 | 410.96 | 2.93 | 189.71 |
| | GBP | 0.01 | 0.55 | 0.01 | 0.70 |
| | NOK | 9.26 | 5.69 | - | - |
| | Euro | 0.01 | 1.21 | 0.02 | 1.58 |
| | | 15.59 | 418.79 | 2.97 | 192.72 |
| Bank Borrowings | USD | 26.30 | 1,714.39 | 29.41 | 1,907.50 |
| Buyers Credit Facilities (including interest) | EURO | 0.32 | 26.21 | 0.35 | 24.22 |
| | USD | 2.05 | 133.58 | - | - |
| | | 28.68 | 1,874.18 | 29.76 | 1,931.72 |
| Trade Receivables | USD | 1.48 | 96.20 | 7.46 | 483.63 |
| | JPY | | | 4.80 | 2.78 |
| | | 1.48 | 96.20 | 12.26 | 486.42 |
| Advance to Suppliers | EURO | 0.02 | 1.21 | - | - |
| | USD | 1.54 | 100.28 | - | - |
| | GBP | 0.04 | 4.01 | - | - |
| | | 1.60 | 105.50 | - | - |
| Bank balances | GBP | 0.00 | 0.14 | 0.00 | 0.30 |
| | USD | 3.32 | 216.28 | 1.09 | 70.83 |
| | | 3.32 | 216.41 | 1.10 | 71.13 |

44 Details Of Dues To Micro And Small Enterprises As Defined Under The Micro, Small And Medium Enterprises Development Act, 2006 :

Amount in ₹ millions

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|--|------------------|------------------|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year* | | |
| - Principal amount due to micro and small enterprises | - | - |
| - Interest due on above | - | - |
| - The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| - The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the MSMED Act 2006. | - | - |
| - The amount of Interest accrued and remaining unpaid at the end of each accounting period. | - | - |
| - The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006. | - | - |

* Dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

45 Earning Per Share

The following reflects the profit and share data used in the basic and diluted EPS computations:

Amount in ₹ millions

| Particulars | Year ended 31.03.2018 | Year ended 31.03.2017 |
|---|-----------------------|-----------------------|
| Profit / (Loss) after tax | 797.30 | 498.74 |
| Net profit / (Loss) for calculation of basic and diluted EPS | 797.30 | 498.74 |
| Weighted average number of equity shares outstanding (Nos.) | 14.87 | 19.07 |
| Basic & Diluted Earnings Per Share (FV Rs.10/- each) | 53.60 | 26.15 |

HAL Offshore Limited
Notes to Financial Statements for the year ended March 31, 2018

46 Financial Risk Management- Objectives And Policies

The financial liabilities comprises loans and borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance the company's operations. The Company's principal financial assets include loans, trade receivables and cash and cash equivalents and other financial assets. The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

Market Risk

Market risk is the risk that the Company's assets and liabilities will be exposed to due to a change in market prices that determine the valuation of these financial instruments. Market risk comprises 3 types of risk: interest rate risk, currency risk and other price risk such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company's policy is to minimise interest rate cash flow risk exposure on long-term financing. At March 31, 2018, the Company is exposed to changes in market interest rates majorly through ECB borrowings.

The following table illustrates the sensitivity of profit or loss and other components of equity to a reasonably possible change in interest rates of +/- 1% (March 31, 2017: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the LIBOR rate for each year, and the financial instruments held as at end of reporting year that are sensitive to changes in interest rates, all other variables held constant.

| Amount in ₹ millions | | | | |
|--|--------------------------------|----------------------------------|--------------------------------|----------------------------------|
| Impact on profit and loss after tax | | | | |
| | Year ended March 31, 2018 | | Year ended March 31, 2017 | |
| | Favourable change of 100 bp | Unfavourable change of 100 bp | Favourable change of 100 bp | Unfavourable change of 100 bp |
| Loan amount | 2,347.18 | | 2,475.86 | |
| Effect on profit and loss after tax | 23.47 | (23.47) | 24.76 | (24.76) |

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the company's operating activities (when revenue or expense is denominated in a foreign currency). Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the company's functional currency. The company's foreign currency transactions are mainly in United State Dollars (USD).

The following tables demonstrate the sensitivity to a reasonably possible change in USD and other exchange rates, with all other variables held constant. The impact on the company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

| Amount in ₹ millions | | | |
|----------------------|-------------------------|--------------------------------|--------------------------------|
| Particulars | Change in Currency rate | As on March 31, 2018 | As on March 31, 2017 |
| | | Effect on Profit Before Tax | Effect on Profit Before Tax |
| USD | 1% | 26.72 | 26.52 |
| EURO | 1% | 0.29 | 0.26 |
| GBP | 1% | 0.05 | 0.01 |
| SGD | 1% | 0.00 | 0.01 |
| NOK | 1% | 0.78 | - |
| JPY | 1% | 0.00 | 0.03 |
| USD | -1% | -26.72 | (26.52) |
| EURO | -1% | -0.29 | (0.26) |
| GBP | -1% | -0.05 | (0.01) |
| SGD | -1% | 0.00 | (0.01) |
| NOK | -1% | -0.78 | - |
| JPY | -1% | 0.00 | (0.03) |

HAL Offshore Limited
Notes to Financial Statements for the year ended March 31, 2018

Price Risk

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

The table below summarises the impact of increases/ decreases of the index on the Company's equity and profit for the period. The analysis is based on the assumption that the equity index had increased by 5% or decreased by 5% with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

| Particulars | Amount in ₹ millions | |
|-----------------|----------------------------|----------------------|
| | Impact on profit after tax | |
| | As at March 31, 2018 | As at March 31, 2017 |
| Increased by 5% | 47.97 | 46.67 |
| Decreased by 5% | (47.97) | (46.67) |

Profit for the period would increase/decrease as a result of gains/losses on equity securities classified at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as fair value through other comprehensive income.

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Trade Receivables:

Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets

Trade Receivables as disclosed in Note No. 11, are net of Provision for Bad & Doubtful Debts

March 31, 2018 ₹ 0.10 millions receivable from Sri Sai oilfield relating to technical services provided. There has been no substantial progress in recovery despite efforts made. The company is now contemplating legal action, but no time frame can be reasonably ascertained, and consequently, provision has been made for the amount during the current year.

Financial Instruments and cash deposits

Credit risk from balances with banks is managed by the company's senior management. The company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2018, March 31, 2017 is the carrying amounts as illustrated in respective notes.

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from inability to sell a financial asset quickly at close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments.

| Particulars | Amount in ₹ millions | | |
|---------------------------------|----------------------|------------------|----------|
| | Less than 1 year | More than 1 year | Total |
| (a) Borrowings | 726.29 | 1,620.88 | 2,347.18 |
| (b) Trade payables | 664.25 | - | 664.25 |
| (c) Other Financial liabilities | 138.51 | - | 138.51 |

47 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The primary objective of the company's capital management is to maximise the shareholder value.

The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents. The gearing ratios were as follows:

| Particulars | Amount in ₹ millions | |
|---------------|----------------------|------------------|
| | As at 31.03.2018 | As at 31.03.2017 |
| Debt | 1,943.79 | 2,117.29 |
| Equity | 2,787.00 | 2,472.27 |
| Gearing ratio | 0.70 | 0.86 |

HAL Offshore Limited
Notes to Financial Statements for the year ended March 31, 2018

48. Segment Reporting

A. Operating segments and principal activities:

Segment information is presented in respect of the company's key operating segments. The operating segments are based on the company's management and internal reporting structure. The chief operating decision maker identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly. All operating segments' operating results are reviewed regularly by the board of directors to make decisions about resources to be allocated to the segments and assess their performance.

The 'Board of Directors' have been identified as the Chief Operating Decision Maker ('CODM'), since they are responsible for all major decision w.r.t. the preparation and execution of business plan, preparation of budget, planning, expansion, alliance, joint venture, merger and acquisition, and expansion of any facility.

The Chief Operating Decision Maker evaluates the company's performance and based on the same two reportable segments are identified i.e. EPIC and Vessel.

The Company's board reviews the results of each segment on a quarterly basis. The Company's board of directors uses Profit before tax to assess the performance of the operating segments.

B. Segment accounting policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

a. Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. Segment assets and liabilities do not include investments, share capital, reserves and surplus, loan funds, dividends payable, income-tax (current and deferred tax) and certain other assets and liabilities not allocable to the segments on a reasonable basis. While most of the assets/liabilities can be directly attributed to individual segments, the carrying amount of certain assets / liabilities pertaining to two or more segments are allocated to the segments on a reasonable basis.

b. Segment revenue and expenses

Joint revenue and expenses of segments are allocated amongst them on a reasonable basis. All other segment revenue and expenses are directly attributable to the segments.

c. Unallocated expenses

Unallocated expenses represents general administrative expenses, head-office expenses and other expenses that arise at the Company level and relate to the Company as a whole. As such, these expenses have not been considered in arriving at the segment results.

C. Business segment information

(i) Segment Revenue (External)

| | For the year ended March 31, 2018 | | For the year ended March 31, 2017 | |
|---|-----------------------------------|---------------|-----------------------------------|---------------|
| | Revenue | Results | Revenue | Results |
| EPIC | 1,786.04 | 282.61 | 1,083.75 | 296.47 |
| Vessel | 2,125.61 | 583.98 | 2,483.86 | 1,124.88 |
| | 3,911.66 | 866.59 | 3,567.61 | 1,421.35 |
| Unallocable income/(expenditure) | | | | (491.73) |
| Finance cost | | 125.70 | | 151.35 |
| Profit before share of loss of associate and tax | | 740.89 | | 778.27 |
| Share of loss of associates | | | | |
| Profit before tax | | 740.89 | | 778.27 |
| Current tax | | 71.80 | | 166.72 |
| Deferred tax | | (124.04) | | 122.81 |
| Profit for the Year | | 793.14 | | 488.74 |

* Figures for the year ended March 31, 2018, are netted off of Rs million reported as an exceptional item.

HAL Offshore Limited
Notes to Financial Statements for the year ended March 31, 2018

(ii) Segment assets

| | As at March 31, 2018 | As at March 31, 2017 |
|--|-------------------------|-------------------------|
| Segment assets | | |
| EPIC | 1,177.41 | 1,247.72 |
| Vessel | 697.63 | 772.81 |
| Total Segment assets | 1,875.04 | 2,020.53 |
| Intersegment eliminations | | |
| Discontinued operations | | |
| Unallocated Assets | 4,213.23 | 3,936.12 |
| Total assets as per the balance sheet | 6,088.28 | 5,956.64 |

(iii) Segment liabilities

| | As at March 31, 2018 | As at March 31, 2017 |
|---|-------------------------|-------------------------|
| EPIC | 750.62 | 797.76 |
| Vessel | 533.86 | 501.44 |
| Total Segment liabilities | 1,284.48 | 1,299.20 |
| Intersegment eliminations | | |
| Discontinued operations | | |
| Unallocated Liabilities | 1,989.49 | 2,185.18 |
| Total liabilities as per the balance sheet | 3,273.96 | 3,484.37 |

(iv) Segment Capital Expenditure

| | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|-------------|--------------------------------------|--------------------------------------|
| EPIC | 9.36 | 928.19 |
| Vessel | 1.44 | 0.87 |
| Unallocated | 0.62 | 2.48 |
| | 11.42 | 931.55 |

(v) Segment depreciation

| | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|-------------|--------------------------------------|--------------------------------------|
| EPIC | 279.90 | 284.52 |
| Vessel | 50.25 | 87.52 |
| Unallocated | 9.80 | 12.51 |
| | 339.95 | 384.55 |

(vi) Non Cash expenses other than depreciation

| | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|-------------|--------------------------------------|--------------------------------------|
| EPIC | | |
| Vessel | | |
| Unallocated | 16.09 | 12.50 |
| | 16.09 | 12.50 |

D. Geographical Segments information

(i) Revenue

| | For year ended March 31, 2018 | For year ended March 31, 2017 |
|---------------|----------------------------------|----------------------------------|
| India | 3,874.54 | 3,524.50 |
| Outside India | 37.12 | 43.11 |
| | 3,911.66 | 3,567.61 |

(ii) Capital Expenditure

| | For year ended March 31, 2018 | For year ended March 31, 2017 |
|---------------|----------------------------------|----------------------------------|
| India | - | - |
| Outside India | - | - |
| | - | - |

(iii) Non-current Assets*

| | As at March 31, 2018 | As at March 31, 2017 |
|---------------|----------------------|----------------------|
| India | - | - |
| Outside India | - | - |
| | - | - |

*Non-current assets are excluding financial instruments and deferred tax assets.

49. Previous year figures.

Previous year figures have been regrouped / re arranged where ever necessary.

The accompanying notes are an integral part of the financial statements
As per our report of even date

For G A M S & Associates

Chartered Accountants

ICAI Firm Registration No. :005104N

Anil Gupta

Partner

Membership No: 088218

Place: New Delhi

Date: Aug 09,2018

For HAL Offshore Limited

Vijay Kumar Gupta

Director

Chief Financial Officer

Place: New Delhi

Date: Aug 09, 2018

Vineet Agrawal

Director

Company Secretary



SEAMEC LIMITED

INDEPENDENT AUDITOR'S REPORT

To

The members of Seamec Limited

Report on the Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Seamec Limited** ("the Company"), which comprise the Balance Sheet as at 31 March, 2018, the Statement of Profit and Loss (including other Comprehensive income), the Cash Flow Statement for the year then ended, the statement of changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "the standalone Ind AS financial statement").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and change in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, as amended from time to time, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our Audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order Issued under section 143 (11) of the Act.

We have conducted our audit of standalone financial statement in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit (including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.

Other Matter

Corresponding figures of the Company for the year ended 31 March 2017 have been audited by another auditor who expressed an unmodified opinion dated 30th May 2017 on the standalone Ind AS financial statements of the Company for the year ended 31 March 2017.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Companies Act, 2013 we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained, all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure B**.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statement – Refer Note 37;
 - ii. The company did not have any long-term contracts including derivative contract for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Regn. No: 006711N/N500028

Vikas Kumar
Partner
Membership No. 075363

Place: Mumbai
Date: 25th May 2018



SEAMEC LIMITED

Annexure A to the Auditor's Report

The annexure referred to in Independent Auditor's Report to the member of the Company on the standalone financial statement for the year ended 31st March 2018, we report that;

(i) Fixed Assets

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) Fixed assets have been physically verified during the year by the management as per the plan and no material discrepancies were identified on such verification.
- c) According to the informations and explanations given to us, there is no Immovable Property in the books of accounts of the Company. Thus, the provision of clause 3(i)(c) of the Order is not applicable to the Company

(ii) Inventories

The management has conducted physical verification of inventory at reasonable intervals during the year as per plan and no material discrepancies were noticed on such physical verification.

(iii) Loans given

According to the information and explanations given to us, during the year, the Company has not granted any Secured or unsecured loan to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Hence reporting under clause 3 (iii) (a), (b) and (c) of the order is not applicable to the Company.

(iv) Compliance of Sec. 185 & 186

In our opinion and according to the information and explanations given to us, the Company has not given loans or guarantees to directors or other persons in which a director is interested or provide security in connection with a loan and as such section 185 of the Companies Act, is not applicable. In our opinion and according to the information and explanation given to us, the company has made investments in securities which is in compliance with the provisions of Section 186 of the Companies Act, 2013.

(v) Public Deposit

During the year, the company has not accepted any deposits from the public, therefore, paragraph 3 (v) of the order is not applicable.

(vi) Cost Records

To the best of our knowledge and according to the information and explanation provided to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act

(vii) Statutory Dues

- a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has generally been regular in depositing its undisputed statutory dues including Provident Fund, Employees State insurance, Income-tax, Sales-Tax, GST, Service tax, Value added tax, cess, etc. There are no undisputed dues payable, outstanding as on 31st March, 2018 for a period of more than six months from the date they became payable except the interest on availment of wrong credit of service tax as given below:

| Name of the statute | Nature of Dues | Amount (₹ in Million) | Period to which the amount relates | Due Date | Date of payment |
|---------------------|---|--------------------------|------------------------------------|----------|-----------------|
| Finance Act, 1994 | Interest on wrongly credit of service tax | 11.21 | 2016-17 | Various | Not yet paid |

- b) According to the information and explanations given to us, the following dues of Service Tax has not been deposited by the Company on account of dispute;

| Name of the statute | Nature of Dues | Amount (₹ in Million) | Period to which amount relates | Forum where the dispute is pending |
|---------------------|----------------|-----------------------|--------------------------------|---|
| Finance Act, 1994 | Service Tax | 77.37 | 2010-11 to 2014-15 | Commissioner of Service Tax |
| Finance Act, 1994 | Service Tax | 14.04 | 2013-14 to 2015-16 | Assisstant Commissioner of Service Tax |
| Finance Act, 1994 | Service Tax | 38.50 | 2015-16 | Deputy Commissioner of CGST & Central Excise, Mumbai East |

- (viii) According to the information and explanations given to us and based on the records of the company examined by us, the company has not defaulted in repayment of loans to bank. The Company did not have any loan from financial institutions or government and also did not have any debentures outstanding during the year.
- (ix) The Company didn't raise any money by way of initial public offer or further public offer or term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- (x) According to the information and explanation given to us, no material fraud on the Company or any fraud on the company by its officers or employees has been noticed or reported during the year.
- (xi) According to information & explanations given to us, no managerial remuneration has been paid or provided as such para paragraph 3(xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) As per the information and explanations given by the management, all the transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the standalone financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) As per the information and explanations given by the management, the company has not entered into any non-cash transaction with directors or persons connected with him. Therefore paragraph 3 (xv) of the order is not applicable to the company.
- (xvi) As per the information and explanations given by the management, company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore paragraph 3 (xvi) of the order is not applicable to the company.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Regn. No: 006711N/N500028

Vikas Kumar
Partner
Membership No. 075363

Place: Mumbai
Date: 25th May 2018



SEAMEC LIMITED

ANNEXURE B

Report on the Internal Financial Controls over financial reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Seamec Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on, "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on, the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Regn. No: 006711N/N500028

Place: Mumbai
Date: 25th May 2018

Vikas Kumar
Partner
Membership No. 075363



Standalone Balance Sheet as at March 31, 2018

₹ million

| Particulars | Note No | As at 31.03.2018 | As at 31.03.2017 |
|---|---------------------------------------|---------------------|---------------------|
| A Assets | | | |
| 1) Non-Current Assets | | | |
| (a) Property, Plant and Equipment | 4 | 1,682.33 | 2,057.51 |
| (b) Capital work-in-progress | 5 | 1.72 | 14.56 |
| (c) Intangible assets | 6 | 2.43 | 2.94 |
| (d) Financial assets | | | |
| (i) Trade receivables | 7 | - | - |
| (ii) Investments | 8 | 445.84 | 373.20 |
| (iii) Loans | 9 | 12.92 | 11.75 |
| (iv) Bank Balances | 10 | 282.30 | 198.00 |
| (e) Non-current tax assets (net) | 11 | 87.32 | 58.05 |
| (f) Other non-current assets | 12 | 2.28 | 8.23 |
| | | 2,517.14 | 2,724.24 |
| 2) Current Assets | | | |
| (a) Inventories | 13 | 143.28 | 167.02 |
| (b) Financial assets | | | |
| (i) Trade receivables | 14 | 1,173.61 | 1,087.80 |
| (ii) Cash and cash equivalents | 15 | 11.99 | 38.06 |
| (iii) Bank balances other than (ii) above | 16 | 127.76 | 206.34 |
| (iv) Other Financial assets | 17 | 60.02 | 36.37 |
| (c) Other current assets | 18 | 13.75 | 53.75 |
| | | 1,530.41 | 1,589.34 |
| Assets classified as held for sale | 19 | 51.47 | - |
| | | 4,099.02 | 4,313.58 |
| | Total-Assets | | |
| B Equity and Liabilities | | | |
| 1) Equity | | | |
| (a) Equity share capital | 20 | 254.25 | 254.25 |
| (b) Other Equity | 21 | 2,452.99 | 2,449.74 |
| | | 2,707.24 | 2,703.99 |
| 2) Liabilities | | | |
| Non-Current Liabilities | | | |
| (a) Deferred tax liabilities (Net) | 22 | 23.89 | 16.45 |
| (b) Provisions | 23 | 7.01 | 6.67 |
| | | 30.90 | 23.12 |
| Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 24 | 73.17 | 179.09 |
| (ii) Trade payables | 25 | 1,015.64 | 1,182.89 |
| (iii) Other Financial liabilities | 26 | 182.61 | 175.85 |
| (b) Other current liabilities | 27 | 85.04 | 45.52 |
| (c) Provisions | 28 | 4.42 | 3.12 |
| | | 1,360.88 | 1,586.47 |
| | Total-Equity & Liabilities | 4,099.02 | 4,313.58 |

Summary of significant accounting policies

3

The accompanying notes are an integral part of the financial statements
As per our report of even date

For T R Chadha & CO LLP

Chartered Accountants

Firm registration No. 006711N/N500028

Vikas Kumar

Partner

Membership No: 075363

For and on behalf of the Board of Directors of SEAMEC Limited

Sanjeev Agrawal

Chairman

Virendra Kumar Gupta

President & Chief Financial Officer

Mahesh Prasad Mehrotra

Director

S N Mohanty

President-Corporate Affairs, Legal & Company
Secretary

Place: Mumbai

Date: May 25, 2018

Place: Mumbai

Date: May 25, 2018

Standalone Statement of profit and loss for the year ended March 31, 2018

₹ million

| Particulars | Note No | Year ended 31.03.2018 | Year ended 31.03.2017 |
|--|---------|--------------------------|--------------------------|
| INCOME | | | |
| I. Revenue from operations | 29 | 1,936.01 | 2,075.74 |
| II. Other Income | 30 | 187.66 | 176.01 |
| III. Total Revenue (I +II) | | 2,123.67 | 2,251.75 |
| IV. Expenses: | | | |
| Employee benefit expenses | 31 | 608.14 | 631.65 |
| Operating Expenses | 32 | 828.25 | 1,066.90 |
| Finance costs | 33 | 6.37 | 11.50 |
| Depreciation and amortisation expenses | 34 | 489.12 | 479.94 |
| Other Expenses | 35 | 169.14 | 1,516.36 |
| Total Expenses (IV) | | 2,101.02 | 3,706.35 |
| V. Profit before tax (III -IV) | | 22.65 | (1,454.60) |
| VI. Tax expense: | | | |
| Current tax | | 11.64 | 30.01 |
| Tax Adjustment for earlier years | | 0.65 | (0.19) |
| Deferred Tax | 22 | 7.44 | 11.49 |
| VII. Profit for the year (V -VI) | | 2.92 | (1,495.91) |
| VIII Other Comprehensive Income | | | |
| Other Comprehensive Income not be reclassified to profit or loss in subsequent years: | | | |
| Re-measurement gains on defined benefit plans | 36 | 0.33 | 0.13 |
| Total Comprehensive income | | 3.25 | (1,495.78) |
| IX. Earning per equity share: | | | |
| (1) Basic (Face Value of ₹ 10/- each) | 44 | 0.11 | (58.84) |
| (2) Diluted (Face Value of ₹ 10/- each) | | 0.11 | (58.84) |

Summary of significant accounting policies 3

The accompanying notes are an integral part of the financial statements
As per our report of even date

For T R Chadha & CO LLP
Chartered Accountants
Firm registration No. 006711N/N500028

Vikas Kumar
Partner
Membership No: 075363

Place: Mumbai
Date: May 25, 2018

For and on behalf of the Board of Directors of SEAMEC Limited

Sanjeev Agrawal
Chairman

Virendra Kumar Gupta
President & Chief Financial Officer

Place: Mumbai
Date: May 25, 2018

Mahesh Prasad Mehrotra
Director

S N Mohanty
President-Corporate Affairs, Legal & Company Secretary

**Standalone Cash Flow Statement for the year ended March 31, 2018**

₹ million

| Particular | Year ended 31.03.2018 | Year ended 31.03.2017 |
|--|----------------------------------|----------------------------------|
| Cash flows from operating activities | | |
| Profit before tax | 22.65 | (1,454.60) |
| Adjustments to reconcile profit before tax to net cash flows | | |
| Depreciation of property, plant and equipment | 487.86 | 478.71 |
| Amortisation of Intangible Assets | 1.26 | 1.23 |
| Fair value gain on financial instrument at fair value through profit or loss | (25.54) | (33.19) |
| Provision for Doubtful Debts | - | 1,385.12 |
| Provision for doubtful debts written back | (94.07) | - |
| Gain on sale of Fixed Asset | (2.84) | - |
| Bad Debts Write off | 53.51 | 1.96 |
| Impairment of Asset held for sale | 26.91 | - |
| Liability Written back | (4.15) | 0.01 |
| Interest income | (32.42) | (86.19) |
| Finance Charges paid | 6.37 | 11.50 |
| Unrealised exchange (gain) / losses | (5.10) | (294.17) |
| Working Capital: adjustments | | |
| Decrease / (Increase) in Inventories | 23.74 | 29.61 |
| Decrease / (Increase) in Trade and other receivables and prepayments | 1.71 | 182.28 |
| Increase / (Decrease) in Trade and other payable | (115.65) | 109.26 |
| Increase / (Decrease) in Provision | 1.65 | (1.32) |
| Cash generated from operations | 345.89 | 330.21 |
| Direct taxes paid, net of refunds | (41.56) | (187.57) |
| Net cash flow from operating activities (A) | 304.33 | 142.64 |
| Cash flows from investing activities | | |
| Purchase of Property, plant and equipment including CWIP and Capital Creditors | (196.68) | (784.68) |
| Proceeds from sale of Property, plant and equipment | 13.35 | 28.93 |
| Purchase of Investment | (47.10) | - |
| Investment in Bank Deposits (having Original maturity more than 3 Months) | (327.30) | (567.58) |

₹ million

| Particular | Year ended 31.03.2018 | Year ended 31.03.2017 |
|---|--------------------------|--------------------------|
| Redemption of Bank Deposits (having Original maturity more than 3 Months) | 321.59 | 1193.75 |
| Interest received | 19.20 | 88.90 |
| Net cash from / (used in) investing activities (B) | (216.94) | (40.69) |
| Cash flows from financing activities | | |
| Finance charges paid | (6.37) | (11.50) |
| Movement in Short Term Borrowing from bank (net) | (107.09) | (101.10) |
| Net cash from/(used in) financing activities (C) | (113.46) | (112.60) |
| Effect of exchange rate differences on translation of foreign currency cash and cash equivalents | - | 5.11 |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | (26.07) | (10.65) |
| Cash and Cash equivalents at the beginning of year | 38.06 | 43.60 |
| Cash and Cash equivalents at the end of year | 11.99 | 38.06 |
| Components of Cash and Cash equivalents | | |
| Cash on hand | 0.03 | 0.12 |
| Balances with Scheduled banks | | |
| - current accounts | 0.05 | 0.19 |
| - foreign currency accounts | 11.91 | 5.75 |
| Fixed deposit with maturity less than 3 months * | - | 32.00 |
| Total | 11.99 | 38.06 |

* Fixed deposits included in Cash and Cash equivalents pertains to investments with an original maturity of three months or less. Fixed deposits having maturity greater than three months have been shown under the Cash flow from Investing activities.

Summary of significant accounting policies

3

The accompanying notes are an integral part of the financial statements

As per our report of even date

For T R Chadha & CO LLP
Chartered Accountants
Firm registration No. 006711N/N500028

Vikas Kumar
Partner
Membership No: 075363

Place: Mumbai
Date: May 25, 2018

For and on behalf of the Board of Directors of SEAMEC Limited

Sanjeev Agrawal
Chairman

Virendra Kumar Gupta
President & Chief Financial Officer

Place: Mumbai
Date: May 25, 2018

Mahesh Prasad Mehrotra
Director

S N Mohanty
President-Corporate Affairs, Legal & Company
Secretary



SEAMEC LIMITED

Standalone statement of Changes in Equity for the year ended March 31, 2018

(A) Equity Share Capital

₹ million

| Equity Shares of ₹10 each, issued, subscribed and fully paid | Number of Shares | Amount |
|--|-------------------|---------------|
| At April 1, 2016 | 25,425,000 | 254.25 |
| Changes in Equity Share Capital during the Year | - | - |
| At March 31, 2017 | 25,425,000 | 254.25 |
| Changes in Equity Share Capital during the Year | - | - |
| At March 31, 2018 | 25,425,000 | 254.25 |

(B) Other Equity

For the year ended March 31, 2017

₹ million

| Particulars | Reserves & surplus | | | | | Item of OCI | Total other Equity |
|--|-----------------------------|---------------------------|--------------------------------------|--------------------------------------|---|-------------------------|--------------------|
| | Retained Earnings (Note 21) | General Reserve (Note 21) | Capital Redemption Reserve (Note 21) | Securities Premium Reserve (Note 21) | Tonnage Tax Reserve u/s 115VT of Income Tax Act, 1961 (Note 21) | FVOCI Reserve (Note 21) | |
| As at April 1, 2016 | 2,900.26 | 291.27 | 84.75 | - | 667.92 | 1.32 | 3,945.52 |
| Profit for the year | (1,495.91) | - | - | - | - | - | (1,495.91) |
| Other comprehensive income for the year: | | | | | | | |
| Remeasurement gains on defined benefit plans | - | - | - | - | - | 0.13 | 0.13 |
| Total comprehensive Income for the year | 1,404.35 | 291.27 | 84.75 | - | 667.92 | 1.45 | 2,449.74 |
| Tonnage reserve utilised | - | - | - | - | (622.90) | - | (622.90) |
| Transfer from tonnage reserve for the year | - | 622.90 | - | - | - | - | 622.90 |
| As at March 31, 2017 | 1,404.35 | 914.17 | 84.75 | - | 45.02 | 1.45 | 2,449.74 |

For the year ended March 31, 2018

₹ million

| Particulars | Reserves & surplus | | | | | Item of OCI | Total other Equity |
|--|-----------------------------|---------------------------|--------------------------------------|--------------------------------------|---|-------------------------|--------------------|
| | Retained Earnings (Note 22) | General Reserve (Note 22) | Capital Redemption Reserve (Note 22) | Securities Premium Reserve (Note 22) | Tonnage Tax Reserve u/s 115VT of Income Tax Act, 1961 (Note 22) | FVOCI Reserve (Note 22) | |
| As at April 1, 2017 | 1,404.35 | 914.17 | 84.75 | - | 45.02 | 1.45 | 2,449.74 |
| Profit for the year | 2.92 | - | - | - | - | - | 2.92 |
| Other comprehensive Income for the year: | | | | | | | |
| Remeasurement gains on defined benefit plans | - | - | - | - | - | 0.33 | 0.33 |
| Total comprehensive Income for the year | 1,407.27 | 914.17 | 84.75 | - | 45.02 | 1.78 | 2,452.99 |
| Tonnage reserve utilised | - | - | - | - | - | - | - |
| Transfer from tonnage reserve for the year | - | - | - | - | - | - | - |
| As at March 31, 2018 | 1,407.27 | 914.17 | 84.75 | - | 45.02 | 1.78 | 2,452.99 |

Summary of significant accounting policies

3

The accompanying notes are an integral part of the financial statements
As per our report of even date

For T R Chadha & CO LLP

Chartered Accountants

Firm registration No. 006711N/N500028

Vikas Kumar

Partner

Membership No: 075363

For and on behalf of the Board of Directors of SEAMEC Limited

Sanjeev Agrawal

Chairman

Virendra Kumar Gupta

President & Chief Financial Officer

Place: Mumbai

Date: May 25, 2018

Mahesh Prasad Mehrotra

Director

S N Mohanty

President-Corporate Affairs, Legal & Company Secretary

Place: Mumbai

Date: May 25, 2018



SEAMEC LIMITED

Notes to Standalone Financial Statements for the year ended March 31, 2018

1 Corporate Information

SEAMEC Limited is a public Company incorporated in India under the provision of the Companies Act, 1956 having its registered office at A- 901-905, 9th Floor, 215 Atrium, Andheri Kurla Road, Andheri East, Mumbai- 400 093. Its shares are listed on two recognised stock exchanges in India. The Company operates Multi Support Vessels for providing support services including marine, construction and diving services to offshore oilfields and bulk carrier vessel for providing bulk carrier services. The Company caters in both domestic as well as International Market.

The Standalone Financial Statements were authorised for issue in accordance with a resolution of the directors on May 25, 2018.

2 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (referred to as Ind AS) as prescribed under section 133 of the Companies, Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The Standalone Financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest million, except otherwise stated.

3 Summary of Significant Accounting Policies

(a) Use of Judgements, Estimates and Assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years, are described below:

Useful lives of property, plant and equipment including Impairment thereof

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods. The company assess the impairment in the carrying value of tangible assets at each reporting date using best available information.

Non-current assets held for sale

Non-current assets held for sale are measured at the lower of carrying value or fair value less costs to sell. The determination of fair value less costs to sell includes use of management estimates and assumption.

Recovery of trade receivable

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(b) Classification of Current and Non-Current

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- i) Expected to be realized or intended to be sold or consumed in normal operating cycle,
- ii) Held primarily for the purpose of trading,
- iii) Expected to be realized within twelve months after the reporting year, or
- iv) Cash or Cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year.

All other assets are classified as non-current.

A liability is current when:

- i) It is expected to be settled in normal operating cycle,
- ii) It is held primarily for the purpose of trading,
- iii) It is due to be settled within twelve months after the reporting year, or
- iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, as applicable.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The company has identified twelve months as its operating cycle.

(c) Property, plant and equipment.

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment losses, if any. The cost comprises of the purchase price (net of GST / CENVAT and VAT credit wherever applicable) and any attributable cost of bringing the property, plant and equipment to its working condition for its intended use.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development / under Dry Docking as at the balance sheet date.

Subsequent expenditures related to an item of property, plant and equipment are added to its gross book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. When a major inspection/ overhaul is performed, its cost is recognized in the carrying amount of the related property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of profit and loss as incurred.

The Company identifies and determines separate useful life for each major component of property, plant and equipment, if they have useful life that is materially different from that of the remaining asset. The Company has identified expenditure incurred on dry-docking as a separate component which is capitalised as the cost of the relevant vessel and is amortized systematically over the interval until the subsequent scheduled dry-docking.

Items such as Machinery spares is recognised in accordance with Ind AS 16 "Property, Plant and Equipment" when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventories. Property, plant and equipment not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress". Advances given towards acquisition of fixed property, plant and equipments outstanding at each Balance Sheet date are disclosed as Capital Advances under "Other Non-Current Assets". Losses arising from the retirement of, and gains and losses arising from disposal of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the property, plant and equipment and are recognised in the statement of profit and loss when the property, plant and equipment is derecognised. The residual values, useful life and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.



SEAMEC LIMITED

(d) Depreciation on Property, plant and equipment

Depreciation on property, plant and equipment is provided using the Straight Line Method as per the useful life of the property, plant and equipment estimated by the management, The Management estimates the useful life for property, plant and equipment as follows.

| Assets | Useful life (In Years) |
|---------------------------------|------------------------|
| Fleet (Multi Support Vessels) | 15 to 20 |
| Fleet (Utility Vessel) | 5 |
| Fleet (Bulk Carrier) | 25 |
| Fleet Equipments | 2 to 20 |
| Lease hold improvements | 5 |
| Office Equipments and Computers | 3 to 10 |
| Vehicles | 4 |

For these class of property, plant and equipment, based on technical evaluation carried out by the management, the useful life as given above best represent the period over which the management expects to use these property, plant and equipment. The useful life for these property, plant and equipment are different from the useful life as prescribed under Part C of schedule II of the Companies Act 2013. The Management believes that these estimated use full life are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Machinery spares which are capitalised, are depreciated over the balance useful life of the respective property, plant or equipment or the balance useful life of mother vessel, whichever is lower.

Residual Value:

The useful life and residual values of the Company's assets are determined by the Management at the time the asset is acquired and reviewed periodically, including at each financial year end. The life are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

(e) Intangible Assets and Amortisation

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets are stated at cost of acquisition less accumulated amortization and impairment losses, if any. Intangible assets are amortized over their estimated useful economic life. Computer Software cost is amortized over a period of five years using straight-line method. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

(f) Non-current assets held for sale

The Company classifies non-current assets as held for sale, if their carrying amounts will be recovered principally through a sale. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset or to be highly probable when:

- (a) The appropriate level of management is committed to a plan to sell the asset,
- (b) An active programme to locate a buyer and complete the plan has been initiated,
- (c) The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- (d) The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- e) Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell.

Assets classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale to owners are not depreciated or amortised.

(g) Impairment of Non Financial Assets

As at each balance sheet date, the Company assesses whether there is an indication that an asset may be impaired and also whether there is an indication of reversal of impairment loss recognized in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, if any, the Company determines the recoverable amount and impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

(h) Inventories

Inventories consist of stores and consumables for use in running of fleets. These are valued at lower of cost and net realizable value. Cost is determined on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

An item of spare part meets the definition of 'property, plant and equipment' and satisfies the recognition criteria as per paragraph 7 of Ind AS 16, such an item of spare is recognised as property, plant and equipment. If that spare part does not meet the definition and recognition criteria as cited in paragraph 7 of Ind AS 16 that spare is recognised as inventory. Spare parts are generally available for use from the date of its purchase. Accordingly, spare parts recognised as property, plant and equipment are depreciated when the same are available for use.

(i) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits.

(j) Retirement and other employee benefits

Retirement benefits in the form of Provident Fund are a defined contribution scheme. The Company's contributions paid / payable towards these defined contribution plan is recognized as expense in the Statement of Profit and Loss during the year in which the employee renders the related service. There are no other obligations other than the contribution payable to the respective fund. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Contribution to Superannuation Fund, a defined contribution plan, is made to the Life Insurance Corporation of India, as per the arrangement with them, and the contributions are charged to the Statement of Profit and Loss for the year when the contributions to the respective funds are due.



SEAMEC LIMITED

Gratuity, a defined benefit scheme is covered by a Group Gratuity cum Life Assurance Policy with Life Insurance Corporation of India ("LIC"). Annual contribution to the fund is as determined by LIC. The shortfall between the accumulated funds available with LIC and liability as determined on the basis of an actuarial valuation is provided for as at the year-end. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the year in which they occur. Remeasurements are not reclassified to profit or loss in subsequent years.

Past service costs are recognised in profit or loss on the earlier of:

The date of the plan amendment or curtailment and the date that the company recognises related restructuring costs. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss: Service costs comprising current service costs, past-service costs, gains and losses on curtailments and nonroutine settlements; and Net interest expense or income.

Short term compensated absences are provided for based on estimates. The Company presents these as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

(k) Foreign Currency transactions

The Company's financial statements are presented in INR, which is also the Company's Functional Currency.

i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency by applying, to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the fortnightly average rates.

ii) Conversion

At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference. (i.e. translation differences on items whose gain or loss is recognised in other comprehensive income or the statement of profit and loss is also recognised in other comprehensive income or the statement of profit and loss respectively).

(l) Taxes on Income

Tax expense comprises of Current Tax, Deferred Tax and tax adjustments of earlier years. Current Income tax liability on shipping income is determined based on the net tonnage of each of its vessels, in accordance with section 115VT of the Income Tax Act, 1961. Income other than shipping income is taxed in accordance with the other provisions of the Income Tax Act, 1961.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes at the reporting date.

Deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities / Assets are not recognised for all taxable temporary differences, except for Non shipping income/ Expenses, since the Company is assessed under section 115VT of the Income Tax Act, 1961.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(m) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangement since it is the primary obligor in all the revenue arrangement as it has pricing latitude and it has also exposed to credit risk.

i) Charter hire income and related services

It comprises income from charter hire of multi-support vessels and income from supply of marine and diving crew and services. Charter hire revenues are recognised at contracted rates over the charter period. Revenues from supply of crew and services are classified as other operating revenue and recognised on rendering of the service, based on day rate charges as per the terms of the agreements.

The Company collects Goods and Service Tax (GST) / Service Tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

ii) Interest & Dividend Income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss. Dividend income is recognised when the Company's right to receive dividend is established by the Balance Sheet date.

(n) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Operating Lease (Company as a lessee).

Leases where the lessor effectively retains substantially all the risks and rewards of the ownership are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.



SEAMEC LIMITED

(O) Provisions

A provision is recognized when the Company has a present obligation (Legal or Constructive) as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These estimates are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(p) Segment Reporting

The Chief Operational Decision Maker monitors the operating results of its business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The Operating segments have been identified based on geographical location of the vessel. The operating segments have been disclosed based on revenues within India and outside India.

(q) Earnings per Share

Basic earnings per share are calculated by dividing the net profit/ loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of diluted potential equity shares, if any.

(r) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(s) Borrowing Costs

Borrowing costs directly attributable to the acquisition and construction of an asset which takes a substantial period of time to get ready for its intended use, are capitalized as a part of the cost of such assets, until such time the asset is substantially ready for its intended use. All other borrowing costs are recognized in the Statement of Profit and Loss in the year in which they occur. Borrowing costs consist of interest and other costs incurred in connection with borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs consist of interest and other costs incurred in connection with borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(t) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement:

Initial recognition and measurement: All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- (i) Debt instruments at amortised cost
- (ii) Debt instruments at fair value through other comprehensive income (FVTOCI).
- (iii) Debt instruments at fair value through profit or loss (FVTPL).
- (iv) Equity instruments measured at fair value through other comprehensive income (FVTOCI).

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows,
and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Derecognition

A financial asset is primarily derecognised when:

The rights to receive cash flows from the asset have expired, or

The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.



SEAMEC LIMITED

Impairment of financial assets.

Impairment of financial assets. In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

The company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent year, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the company reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an company is required to consider: All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, these historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below: Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.

Financial liabilities

Initial recognition and measurement

Initial recognition and measurement Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets

The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when the company either begins or ceases to perform an activity that is significant to its operations. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(u) Unbilled Revenue and Billing in excess of revenue

Unbilled revenue represents the aggregate of costs chargeable and margin earned under projects in progress as of the balance sheet date. Such amounts become billable according to the contract terms which usually consider the passage of time, achievement of certain milestones or completion of the project.

Contract revenue earned in excess of billing has been reflected under "Other Financial Assets" and billing in excess of contract revenue is reflected under "Other Financial Liabilities" in the balance sheet.

(v) Fair Value Measurement

The Company measures financial instruments at fair value each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability.



SEAMEC LIMITED

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Management determines the policies and procedures for both recurring fair value measurement, such as unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations. The Management comprises of the head of the investment properties segment, heads of the Company's internal mergers and acquisitions team, the head of the risk management department, financial controllers and chief finance officer.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(w) Accounting standards issued but not yet effective

Ind AS 115 – Revenue from contracts with customers

Ind AS 115 'Revenue from contracts with customers' have been published by Ministry of Corporate Affairs (MCA) but are not yet effective. Ind AS 115 establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contract with customers. Ind AS 115 supersedes other revenue standards i.e. Ind AS 11 and Ind AS 18 notified by MCA. Management has undertaken an assessment of the impact of this standard and does not believe that the impact would be material.

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. Company is evaluating the impact of this amendment on its financial statements.

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

₹ million

| Particulars | Fleet and fleet equipment | Machinery spares | Leasehold improvement | Office Equipments | Vehicles | Total |
|---|---------------------------|------------------|-----------------------|-------------------|-------------|-----------------|
| Cost | | | | | | |
| At April 1, 2016 | 2,173.65 | 23.04 | 0.99 | 0.39 | 0.01 | 2,198.08 |
| Additions | 804.92 | 2.72 | - | 0.26 | - | 807.90 |
| Disposals | (10.83) | (4.39) | - | - | - | (15.22) |
| At March 31, 2017 | 2,967.74 | 21.37 | 0.99 | 0.65 | 0.01 | 2,990.76 |
| Additions | 193.79 | 6.76 | - | 0.86 | - | 201.41 |
| Reclassification to asset held for sale | 198.58 | - | - | - | - | 198.58 |
| Disposals | 10.32 | 4.18 | - | - | - | 14.50 |
| At March 31, 2018 | 2,952.63 | 23.95 | 0.99 | 1.51 | 0.01 | 2,979.09 |
| Depreciation | | | | | | |
| At April 1, 2016 | 460.54 | 4.81 | 0.99 | 0.33 | 0.01 | 466.68 |
| Charge for the Year | 465.14 | 13.43 | - | 0.14 | - | 478.71 |
| Disposals | (9.79) | (2.35) | - | - | - | (12.14) |
| At March 31, 2017 | 915.89 | 15.89 | 0.99 | 0.47 | 0.01 | 933.25 |
| Charge for the Year | 482.34 | 5.05 | - | 0.47 | - | 487.86 |
| Reclassification to asset held for sale | 120.19 | - | - | - | - | 120.19 |
| Disposals | 0.00 | 4.16 | - | - | - | 4.16 |
| At March 31, 2018 | 1,278.04 | 16.78 | 0.99 | 0.94 | 0.01 | 1,296.76 |
| Net Block | | | | | | |
| At March 31, 2017 | 2,051.85 | 5.48 | - | 0.18 | - | 2,057.51 |
| At March 31, 2018 | 1,674.59 | 7.17 | - | 0.57 | - | 1,682.33 |

NOTE 5: CAPITAL WORK-IN-PROGRESS

Capital work-in-progress*

| | As at 31.03.2018 | As at 31.03.2017 |
|--|---------------------|---------------------|
| | 1.72 | 14.56 |
| | 1.72 | 14.56 |

* Capital Work-in-Progress for the year ended March 31, 2018, includes value of ₹ 1.35 million (march 31, 2017 - ₹ 11.50 million) which is ceased to be classified as 'Asset Held for Sale' in accordance with Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations".



₹ million

NOTE 6: INTANGIBLE ASSETS

Software

Cost

| | |
|--------------------------|-------------|
| At April 1, 2016 | 5.82 |
| Additions | - |
| Disposals | - |
| At March 31, 2017 | 5.82 |
| Additions | 0.75 |
| Disposals | - |
| At March 31, 2018 | 6.57 |

Amortisation

| | |
|--------------------------|-------------|
| At April 1, 2016 | 1.65 |
| Charge for the Year | 1.23 |
| Disposals | - |
| At March 31, 2017 | 2.88 |
| Charge for the Year | 1.26 |
| Disposals | - |
| At March 31, 2018 | 4.14 |

Net Block

| | |
|--------------------------|-------------|
| At March 31, 2017 | 2.94 |
| At March 31, 2018 | 2.43 |

NOTE 7 : NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

Trade Receivables (Refer note 40)
 Receivable from Related Party (Refer note 43)

Total Trade Receivables

Break-up of Trade Receivables

Secured, considered good
 Unsecured, considered good
 Doubtful

Impairment Allowance (allowance for bad and doubtful debts)

Less: Provision for doubtful debts

Total Trade Receivables

| As at 31.03.2018 | As at 31.03.2017 |
|---------------------|---------------------|
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| 1,134.75 | 1,134.75 |
| 1,134.75 | 1,134.75 |
| 1134.75 | 1,134.75 |
| - | - |
| - | - |

NOTE 8 : NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

₹ million

| | As at 31.03.2018 | As at 31.03.2017 |
|--|---------------------|---------------------|
| Unquoted Investments | | |
| Investment in Equity Shares | | |
| In subsidiary (at cost) | 25.68 | 25.68 |
| 2 Nos (31.03.2017 :2 Nos) fully paid up equity share of AED 1,000,000 each of SEAMEC International FZE (representing 100% equity of the Company) | | |
| Total Value of Investment (unquoted) | 25.68 | 25.68 |
| Investment in Mutual Fund carried at fair value through Profit and Loss | | |
| 7,734,358 Units (31.03.2017: 6,799,175) ICICI Prudential Corporate Bond Fund-Growth | 209.16 | 172.48 |
| 15,057,014 Units (31.03.2017: 13,294,690) Reliance Corporate Bond Fund-Growth | 211.00 | 175.04 |
| Total Value of Investment (quoted) | 420.16 | 347.52 |
| Total Value of Investment | 445.84 | 373.20 |
| Aggregate amount of quoted investment and market value thereof. | 420.16 | 347.52 |
| Aggregate amount of unquoted investments. | 25.68 | 25.68 |
| Aggregate amount of impairment in value of investments. | - | - |

NOTE 9: NON CURRENT FINANCIAL ASSETS - LOANS

(Unsecured, considered good unless otherwise stated)

Security deposits

| | |
|--------------|-------|
| 12.92 | 11.75 |
| 12.92 | 11.75 |

NOTE 10: NON-CURRENT BANK BALANCES

Non-Current Bank Balances (Refer note 16)

| | |
|---------------|--------|
| 282.30 | 198.00 |
| 282.30 | 198.00 |

NOTE 11: NON-CURRENT TAX ASSETS (NET)

(Unsecured, considered good unless otherwise stated)

Advance income-tax (net of provisions for taxation ₹.11.64 million (31.03.2017: ₹ 30.01 million)

| | |
|--------------|-------|
| 87.32 | 58.05 |
| 87.32 | 58.05 |

NOTE 12: OTHER NON-CURRENT ASSETS

Capital advances

Advance Rent

Prepaid Expenses

Others

| | |
|-------------|-------------|
| - | 3.61 |
| 0.85 | - |
| 1.43 | 1.61 |
| - | 3.01 |
| 2.28 | 8.23 |



SEAMEC LIMITED

NOTE 13: INVENTORIES

₹ million

(Valued at lower of cost and net realisable value)

Stores and consumables

Goods in transit - Stores and consumables

| As at 31.03.2018 | As at 31.03.2017 |
|---------------------|---------------------|
| 141.21 | 163.10 |
| 2.07 | 3.92 |
| 143.28 | 167.02 |

NOTE 14: TRADE RECEIVABLES

Trade Receivables (Refer note 40)

Receivable from Related Party (Refer note 43)

Total Trade Receivables

Break-up of Trade Receivables

Secured, considered good

Unsecured, considered good

Doubtful

Impairment Allowance (allowance for bad and doubtful debts)

Less: Provision for doubtful debts

Total Trade Receivables

| | |
|-----------------|-----------------|
| 894.25 | 814.03 |
| 279.36 | 273.77 |
| 1,173.61 | 1,087.80 |
| - | - |
| 1,173.61 | 1,087.80 |
| 456.34 | 550.42 |
| 1,629.95 | 1,638.22 |
| 456.34 | 550.41 |
| 1,173.61 | 1,087.80 |

NOTE 15: CASH AND CASH EQUIVALENTS

Balances with scheduled banks

- current accounts

- foreign currency accounts

- original maturity less than 3 months

Cash on hand

| | |
|--------------|--------------|
| 0.05 | 0.19 |
| 11.91 | 5.75 |
| - | 32.00 |
| 0.03 | 0.12 |
| 11.99 | 38.06 |

Short-term deposits are made for varying periods of between seven days and three months, depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates.

NOTE 16: BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

- Unpaid Dividend Account *

- Deposits with original maturity for more than 12 months **

- Deposits with original maturity for more than 3 months but less than 12 months **

Amount Disclosed Under Non-Current Assets (refer note 10)

| | |
|-----------------|-----------------|
| 0.44 | 1.40 |
| 282.30 | 198.00 |
| 127.32 | 204.94 |
| (282.30) | (198.00) |
| 127.76 | 206.34 |

* The Company can utilise these balances only towards settlement of respective unpaid dividend.

** Fixed Deposits worth ₹ 407.52 million kept as lien with Bank against the various facilities obtained.

NOTE 17: OTHER CURRENT FINANCIAL ASSETS

₹ million

| | As at 31.03.2018 | As at 31.03.2017 |
|--|-----------------------------|---------------------|
| (Unsecured, considered good unless otherwise stated) | | |
| Interest Receivable | 47.74 | 35.37 |
| Unbilled Revenue | 12.28 | - |
| Others | - | 1.00 |
| | 60.02 | 36.37 |

NOTE 18 : OTHER CURRENT ASSETS

| | | |
|--|--------------|--------------|
| (Unsecured, considered good unless otherwise stated) | | |
| Prepaid expenses | 5.53 | 10.61 |
| GST / Service tax Input Credit | - | 29.44 |
| Advance to vendors | 5.34 | 11.11 |
| Insurance Receivable | 2.22 | - |
| Advance Rent | 0.66 | 2.59 |
| | 13.75 | 53.75 |

NOTE 19: ASSETS CLASSIFIED AS HELD FOR SALE

| | | |
|------------------------------------|--------------|---|
| Assets classified as held for sale | 51.47 | - |
| | 51.47 | - |

The management intends to dispose off a vessel of the company. An active programme to locate the buyer and to complete the sale has been initiated, the sale is expected to be completed in next 12 months, subject to approval of board of directors. Impairment loss of ₹ 26.91 million has been recognised in statement of profit & Loss account.

₹ million

NOTE 20: SHARE CAPITAL

| | As at 31.03.2018 | As at 31.03.2017 |
|---|-----------------------------|---------------------|
| Authorised Shares | | |
| 50,000,000 (31.03.2017 :50,000,000) equity shares of ₹ 10 each | 500.00 | 500.00 |
| Issued, subscribed and fully paid-up | | |
| 25,425,000 (31.03.2017 : 25,425,000) equity shares of ₹ 10 each fully paid-up | 254.25 | 254.25 |
| | 254.25 | 254.25 |

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

| | As at 31.03.2018 | | As at 31.03.2017 | |
|------------------------------------|-------------------------|---------------|------------------|----------|
| | Nos | ₹million | Nos | ₹million |
| Equity shares | | | | |
| At the beginning of the Year | 2,54,25,000 | 254.25 | 2,54,25,000 | 254.25 |
| Outstanding at the end of the year | 2,54,25,000 | 254.25 | 2,54,25,000 | 254.25 |



SEAMEC LIMITED

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding Company

Out of equity shares issued by the Company, shares held by its holding Company are as below:

| All in no's | As at 31.03.2018 | As at 31.03.2017 |
|----------------------|---------------------|---------------------|
| HAL Offshore Limited | 17,687,475 | 18,527,475 |

(d) Details of shareholders holding more than 5% shares in the Company

| Name of the shareholder | As at 31.03.2018 | | As at 31.03.2017 | |
|-------------------------|------------------|---------------------------|------------------|---------------------------|
| | Nos | % holding in the class | Nos | % holding in the class |
| HAL Offshore Limited | 17,687,475 | 69.57% | 18,527,475 | 72.87% |

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(e) Aggregate number of shares bought back during the period of five years immediately preceding the reporting date

| | As at 31.03.2018 | As at 31.03.2017 |
|--|---------------------|---------------------|
| | Nos | Nos |
| Equity Shares bought back by the Company | - | - |

During the year ended March 31, 2016, the Company had bought back a total of 84,75,000 equity shares of ₹ 10 each at a total consideration of ₹ 1,059.38 million. Accordingly, the face value of shares bought back amounting to ₹ 84.75 million had been adjusted against Share Capital and the balance amount of ₹ 501.75 million and ₹ 472.88 million have been adjusted against the securities premium and general reserve respectively. Further, in accordance with the Section 69 of the Companies Act, 2013, the Company had transferred an amount of ₹ 84.75 million, being a sum equal to nominal value of equity shares bought back, from general reserve to capital redemption reserve.

NOTE-21 : RESERVES AND SURPLUS

₹million

| | As at 31.03.2018 | As at 31.03.2017 |
|--|---------------------|---------------------|
| Capital redemption reserve | | |
| Balance as per the last Financial Statements | 84.75 | 84.75 |
| Add: Transfer from General Reserve (refer note 20 (e)) | - | - |
| Closing Balance | 84.75 | 84.75 |
| General reserve | | |
| Balance as per the last Financial Statements | 914.17 | 291.27 |
| Add: Transfer from Tonnage Reserve for the year | - | 622.90 |
| Less: Adjustment on account of Buy Back of Equity shares (refer note 20 (e)) | - | - |
| Less: Transfer to Capital Redemption Reserve (refer note 20 (e)) | - | - |
| Closing Balance | 914.17 | 914.17 |
| Tonnage tax reserve u/s 115VT of Income Tax Act, 1961 | | |
| Balance as per the last Financial Statements | 45.02 | 667.92 |
| Add: Transfer from surplus in statement of Profit and Loss for the year | - | - |
| | 45.02 | 667.92 |
| Less: Tonnage Reserve utilised | - | (622.90) |
| Closing Balance | 45.02 | 45.02 |
| Other Component of Equity | | |
| Surplus in Statement of Profit and Loss | | |
| Balance as per the last Financial Statements | 1,405.80 | 2,901.58 |
| Profit/(loss) for the year | 2.92 | (1,495.91) |
| Other Comprehensive Income | 0.33 | 0.13 |
| Closing Balance | 1,409.05 | 1,405.80 |
| | 2,452.99 | 2,449.74 |

Nature and Purpose of Reserves:**(1) Capital redemption reserve:**

Capital redemption reserve was created upon buy back of equity shares. The Company may utilise this reserve in compliance with the provisions of the Companies Act 2013.

(2) Tonnage tax reserve u/s 115VT of Income Tax Act, 1961:

A tonnage tax company shall, subject to and in accordance with the provisions of section 115VT of the Income Tax Act, 1961, on yearly basis credit to tonnage tax reserve account, an amount not less than twenty percent of the book profit derived from the activities referred to in clauses (i) and (ii) of sub-section (1) of section 115V-I of the Income Tax Act, 1961. The Company can utilise this reserve as per provisions of Income Tax Act 1961.



SEAMEC LIMITED

NOTE-22: INCOME TAXES

₹million

The major components of income tax expense for the year ended March 31, 2018, March 31, 2017 are:

Current income tax:

Current Income tax charge

Adjustments in respect of current income tax of previous years

Deferred Tax:

Relating to origination and reversal of temporary differences

Income tax expense reported in the statement of profit or loss

| Year ended 31.03.2018 | Year ended 31.03.2017 |
|--------------------------|--------------------------|
| 11.64 | 30.01 |
| 0.65 | (0.19) |
| 7.44 | 11.49 |
| 19.73 | 41.31 |

Reconciliation of tax expense and the accounting profit multiplied by the domestic tax rate for the year ended March 31, 2018 and year ended March 31, 2017:

Accounting Profit before tax

Income taxable

Tax at Domestic rate

Tax at Domestic rate

Tonnage Income as per sec 115V

Tax at Domestic rate

Adjustments in respect of current income tax of previous years

Total Tax

Deferred Tax

Income tax expense

| Year ended 31.03.2018 | Year ended 31.03.2017 |
|--------------------------|--------------------------|
| 22.65 | (1,454.60) |
| 31.32 | 85.09 |
| 33.063% | 34.608% |
| 10.36 | 29.45 |
| 3.89 | 1.63 |
| 1.28 | 0.56 |
| 0.65 | (0.19) |
| 12.29 | 29.82 |
| 7.44 | 11.49 |
| 19.73 | 41.31 |

Deferred Tax

Deferred tax relates to the following:

Fair Valuation of Investment

Reversal of Deferred tax liability on account of sale of Investment

Total Deferred tax

| As at 31.03.2018 | As at 31.03.2017 |
|---------------------|---------------------|
| 23.89 | 11.49 |
| - | - |
| 23.89 | 11.49 |
| 23.89 | 16.45 |

NOTE-23: PROVISIONS-NON CURRENT

₹ million

| | As at 31.03.2018 | As at 31.03.2017 |
|------------------------------|-----------------------------|---------------------|
| Provision for Leave benefits | 7.01 | 6.67 |
| | 7.01 | 6.67 |

NOTE-24: FINANCIAL LIABILITIES - BORROWINGS**Secured**

| | | |
|--|--------------|--------|
| Buyers Credit facility (refer note A below) | - | 131.27 |
| Bank Overdraft (refer note B below) | 73.17 | 47.82 |
| | 73.17 | 179.09 |

- A) The Company has availed Buyers Credit Facility from IDBI bank, carries rate of Interest at the rate 1 Year Libor+80 bps (31.03.2017 6 Months Libor + 80 BPS) the same is secured by hypothecation charge on all of the Company's Current Assets. The Facility was repaid in July 2017.
- B) The 'Overdraft against FD' facility is availed from IDBI bank. The rate of Interest for the said Facility is 1% above the interest rate of Fixed Deposits under lien with IDBI bank. The same is secured by fixed deposits with margin as 100%.

NOTE-25: TRADE PAYABLES

₹ million

| | As at 31.03.2018 | As at 31.03.2017 |
|--|-----------------------------|---------------------|
| Dues to Micro, Small And Medium Enterprises (Refer Note 50) | 6.35 | 6.50 |
| Dues to Others | | |
| Trade payables to others | 1,007.30 | 1,135.01 |
| Trade payables to Related parties (refer note 43) | 1.99 | 41.38 |
| | 1,015.64 | 1,182.89 |

NOTE-26: OTHER CURRENT FINANCIAL LIABILITIES

| | | |
|--|---------------|--------|
| Interest Accrued but not due on borrowings | - | 2.05 |
| Employee Dues | 101.27 | 113.24 |
| Creditors for Capital Expenditure | 30.05 | 26.47 |
| Unearned Revenue | 4.48 | - |
| Unpaid dividend | 0.44 | 1.40 |
| Outstanding expenses | 45.86 | 32.69 |
| Other current liability | 0.51 | - |
| | 182.61 | 175.85 |

Terms and conditions of the Financial liabilities.

- (i) Trade payables and Other payables are non-interest bearing.
- (ii) For terms and conditions with related parties, refer Annexure-A



₹ million

NOTE-27: OTHER CURRENT LIABILITIES

Statutory Dues

TDS Payable
GST / Service tax payable
Other Dues

| As at 31.03.2018 | As at 31.03.2017 |
|---------------------|---------------------|
| 15.44 | 30.58 |
| 54.00 | - |
| 15.60 | 14.94 |
| 85.04 | 45.52 |

NOTE-28: PROVISIONS

Provision for Employee Benefits

Provision for Leave benefits
Provision for Gratuity

| | |
|-------------|-------------|
| 3.48 | 3.12 |
| 0.94 | - |
| 4.42 | 3.12 |

NOTE 29: REVENUE FROM OPERATIONS

Charter hire income
Other operating revenue

| Year ended 31.03.2018 | Year ended 31.03.2017 |
|--------------------------|--------------------------|
| 1,934.62 | 2,070.55 |
| 1.39 | 5.19 |
| 1,936.01 | 2,075.74 |

NOTE 30: OTHER INCOME

Interest Income on
 Bank Deposits
 Income Tax Refund
Liability No Longer Required
Exchange fluctuation gain (net)
Gain on Sale of Fixed Assets (net)
Provision for doubtful debts written back
Interest Income on Security Deposit as per Ind As
Fair Value gain on investment as per Ind As
Other non-operating income

| | |
|---------------|---------------|
| 30.11 | 82.30 |
| 1.46 | 2.70 |
| 4.15 | - |
| 28.64 | 56.57 |
| 2.84 | - |
| 94.07 | - |
| 0.85 | 1.19 |
| 25.54 | 33.19 |
| - | 0.06 |
| 187.66 | 176.01 |

NOTE 31: EMPLOYEE BENEFIT EXPENSES

Salaries, wages and bonus to crew
Salaries, wages and bonus to onshore staff
Contribution to provident and other funds
Gratuity Expenses (refer note 49 (2))
Staff welfare expenses

| | |
|---------------|---------------|
| 548.81 | 557.48 |
| 49.31 | 64.65 |
| 6.22 | 6.57 |
| 3.00 | 2.09 |
| 0.80 | 0.86 |
| 608.14 | 631.65 |

NOTE 32 : OPERATING EXPENSES

₹ million

| | Year ended 31.03.2018 | Year ended 31.03.2017 |
|---------------------------------------|----------------------------------|--------------------------|
| Victualling and other benefit to crew | 75.60 | 96.08 |
| Sub Contractor Cost-Diving Project | 286.83 | 469.50 |
| Stores and spares consumed | 120.71 | 131.57 |
| Fuel expenses | 115.60 | 198.55 |
| Repairs and maintenance - vessels | 56.39 | 21.38 |
| Rates & Taxes | 5.25 | 6.01 |
| Commission / Brokerage | 1.32 | 11.06 |
| Customs Duty | 0.37 | 0.06 |
| Crew travelling expenditure | 26.65 | 30.24 |
| Insurance charges | 16.44 | 20.22 |
| Port Charges | 19.53 | 16.92 |
| Communication charges | 25.22 | 22.85 |
| Consultancy Fees | 12.95 | - |
| Other Operating Expenses | 65.39 | 42.46 |
| | 828.25 | 1,066.90 |

NOTE 33 : FINANCE COSTS

| | | |
|-------------------|-------------|-------|
| Interest Expenses | 6.37 | 11.50 |
| | 6.37 | 11.50 |

NOTE 34 : DEPRECIATION AND AMORTIZATION EXPENSE

| | | |
|-----------------------------------|---------------|--------|
| Depreciation of tangible assets | 487.86 | 478.71 |
| Amortization of intangible assets | 1.26 | 1.23 |
| | 489.12 | 479.94 |

NOTE 35 : OTHER EXPENSES

| | Year ended 31.03.2018 | Year ended 31.03.2017 |
|--|----------------------------------|--------------------------|
| Directors Sitting Fees | 1.48 | 1.20 |
| Director Incidental Expenses | 0.28 | - |
| CSR Expenses | 0.50 | 5.09 |
| Travelling and conveyance | 8.91 | 7.03 |
| Repairs and maintenance-others | 1.89 | 2.07 |
| Impairment of Assets held for Sale | 26.91 | - |
| Rent (Refer Note 47) | 25.30 | 49.01 |
| <u>Payment to auditors (excluding GST / service tax)</u> | | |
| - As auditor | 2.02 | 2.52 |
| - For other services | 0.42 | - |
| - For reimbursement of expenses | 0.02 | 0.21 |



| |
|------------------------------|
| Legal & professional fees |
| Bad debts |
| Provision for Doubtful Debts |
| Bank charges |
| Office Expenses |
| Electricity Expenses |
| Printing & Stationery |
| Interest Charges-Others |
| Miscellaneous Expenses |

| Year ended 31.03.2018 | Year ended 31.03.2017 |
|--------------------------|--------------------------|
| 28.91 | 25.41 |
| 53.51 | 1.96 |
| - | 1,385.12 |
| 2.83 | 4.74 |
| 3.70 | 3.24 |
| 1.98 | 2.01 |
| 2.69 | 2.64 |
| 1.41 | 15.11 |
| 6.38 | 9.00 |
| 169.14 | 1,516.36 |

NOTE 36: COMPONENTS OF OTHER COMPREHENSIVE INCOME

Re-measurement gains on defined benefit plans as per Ind AS 19

| | |
|-------------|-------------|
| 0.33 | 0.13 |
| 0.33 | 0.13 |

37 Contingent liabilities**Claim against the Company not acknowledge as debts**

FERA Matter (refer note a below)

Custom Duty payable as per order from Commissioner of Customs (Import) (refer note b below)

Claim by Vendor (refer note c below)

| As at 31.03.2018 | As at 31.03.2017 |
|---------------------|---------------------|
| 100 | 100 |
| - | 1,197 |
| 9 | 30 |

a The case against the Company alleging violation of Foreign Exchange Regulation Act 1973 (FERA), related to acquisition of Land drilling Rig, is pending before the Hon'ble Mumbai High Court. The Company has furnished a Bank Guarantee of ₹ 100 million to the Enforcement Directorate, FERA, towards penalty imposed, as directed by the Hon'ble Mumbai High Court. The bank guarantee is valid till September 30, 2018. No provision is considered necessary in respect of the said penalty as the management believes, based on legal opinion, that there has been no contravention to FERA.

b Against the Directorate of Revenue Intelligence (DRI) Show Cause Notice in July – August 2012, the adjudication proceedings was conducted by Commissioner of Customs (Import) who vide order dated March 28, 2013 imposed duty ₹ 350 million, penalty for equivalent amount, interest and confiscation and made appropriation of ₹ 126 million paid in 2011 under protest. Accordingly, Company disclosed the contingent liability of ₹ 1197 million.

Against the above adjudication order, the Company filed before Hon'ble CESTAT for stay of the order as well as appeal. Stay was granted while appeal was disposed off vide order of Hon'ble CESTAT dated 6th December, 2017.

Being aggrieved, Company as a legal recourse, had filed Rectification of Mistake (ROM) before designated forum of CESTAT. The Hon'ble CESTAT vide order dated February 27, 2018 remanded the matter to the original authority, set aside the demand, duty, penalty and confiscation with a specific direction of commencement of adjudication subject to settlement of jurisdiction issue by the Hon'ble Supreme Court.

In view of the above, the Company is at present has no demand and therefore, there is no further requirement of disclosing this matter under contingent liability.

c Represent claim by vendor not acknowledged as debt as in the opinion of the management the same is not payable.

Notes:

- (a) The Company does not expect any reimbursement in respect of the above contingent liabilities.
- (b) It is not practicable to estimate the timing of cash flows, if any, in respect of matters at (a) to (d) above, pending resolution of the proceedings.

38 Commitments**a Capital Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ Nil million (31.03.2017 : ₹ NIL million).

39 Draft Scheme of Arrangement

Board of Directors of the Company on November 14, 2017 had considered the demerger proposal of EPC and Vessel Division of HAL Offshore Ltd (HAL), the parent Company with SEAMEC Limited, the appointed date being July 1, 2017. Pursuant to above, the Company made application to BSE Limited (BSE), the designated Stock Exchange and National Stock Exchange of India Limited (NSE) in accordance with Regulation 37 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 for approval of Scheme of Arrangement of Demerger. BSE and NSE vide their letter dated May 15, 2018 and May 16, 2018 have communicated to the Company their "No-objection" along with the observations of SEBI. The Company is now contemplating on the activities to process the demerger.

40 Trade Receivables as disclosed in Notes 7 & 14, are net of provisions for:

- (a) Trade Receivables from Swiber Offshore Constructions Pte Ltd, Singapore (SOC) and Swiber Offshore India Private Ltd. (SOI) is ₹ 1134.70. These outstanding arising out of the services rendered by the Company to above Swiber entities towards the contract awarded by ONGC to Swiber. SOC as per the Hon'ble High Court, Singapore is under the Judicial Management. The Company initially initiated legal recourse against SOI in Mumbai High Court under the terms of the Contract invoking Section 9 of the Arbitration and Conciliation Act, 1996. The matter before Singapore and India are pending. ONGC, principal Contractor has suspended the Contract of Swiber and stepped into contractual commitment of Swiber for completion of balance work. The Company along with large number of affected Vendors are pursuing with ONGC for recovery of outstanding. The necessary provisions have already been made in the accounts to the above receivables.
- (b) ₹ 168.48 million (Previous year ₹ 228.72 million) receivable from Sea Horse General Contracting Establishment, UAE, relating to charter hire for a vessel. During the year, the Company has entered into settlement agreement for ₹ 206.36 million, payment in installment, accordingly ₹ 22.36 million has been written off. The Company has received ₹ 37.88 million till date installment towards its part share of settlement and accordingly provision has been written back.
- (c) ₹ 37.42 million (Previous year ₹ 71.30 million) receivable from Synergy Subsea Engineering LLC, UAE ('Synergy') relating to charter hire for a vessel. During the year, the Company has entered into settlement agreement with the M/s Synergy Sub Sea Engineering LLC Dubai for realization of outstanding dues. The Company has received ₹ 33.88 million during the year.



SEAMEC LIMITED

41 (a) Expenditure in foreign currency (on accrual basis)

₹million

| Particulars | Year Ended | Year Ended |
|-------------------------------------|---------------|---------------|
| | 31.03.2018 | 31.03.2017 |
| Crew Cost | 53.42 | - |
| Travelling | 4.16 | 8.73 |
| Victualling cost | 21.14 | 36.70 |
| Sub Contractor Cost- Diving Project | 286.83 | 469.50 |
| Legal & professional fees | 12.68 | 14.06 |
| Interest on Buyers Credit | 1.01 | 2.73 |
| Consumables | 16.24 | 5.05 |
| Spares | 40.45 | 42.45 |
| Repairs & Maintenance | 29.33 | 1.62 |
| Consultancy fees | 12.95 | - |
| Others | 47.56 | 3.92 |
| | 525.77 | 584.76 |

(b) Earnings in foreign currency (on accrual basis)

₹million

| Particulars | Year Ended | Year Ended |
|-------------------------|------------|------------|
| | 31.03.2018 | 31.03.2017 |
| Revenue from operations | 1,700.56 | 1,848.36 |

42 Segment Information

For management purposes, the company is organised into business units based on its services and has two reportable segments i.e Domestic and Overseas.

The chief operational decision maker monitors the operating results of its Business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. The Operating segments have been identified based on geographical location of the vessel. The operating segments have been disclosed based on revenues within India and outside India.

(₹ million)

| Particulars | Year ended 31.03.2018 | | | Year ended 31.03.2017 | | |
|-------------------------|-----------------------|----------|----------|-----------------------|----------|------------|
| | Domestic | Overseas | Total | Domestic | Overseas | Total |
| Revenue | | | | | | |
| Revenue from Operations | 1,762.13 | 173.88 | 1,936.01 | 1,524.56 | 551.18 | 2,075.74 |
| Segment Profit / (Loss) | (88.16) | 56.20 | (31.96) | (1,333.16) | (228.18) | (1,561.34) |

*Assets used in the Company's business or liabilities contracted have not been identified to any segment, as the assets and services are used interchangeably between segments. Accordingly, no disclosure relating to segment assets are made.

Reconciliations to amounts reflected in the financials statements

(₹ million)

| Particulars | Year Ended 31.03.2018 | Year Ended 31.03.2017 |
|-----------------------------------|--------------------------|--------------------------|
| Segment Profit | (31.96) | (1,561.34) |
| Financial Cost | (6.37) | (11.50) |
| Other Un-allocable income | 60.97 | 118.24 |
| (Loss) / Profit before tax | 22.65 | (1,454.60) |

43 Related Parties disclosure

Names of Related Party & related party relationship

i Related parties where control exist

| | |
|-----------------|--------------------------|
| Holding Company | HAL Offshore Limited |
| Subsidiary | Seamec International FZE |

ii Related Parties with whom transactions have taken place during the year ended March 31, 2018.

Refer Annexure- A

44 Earning Per Share

The following reflects the profit and share data used in the basic and diluted EPS computations:

(₹ million)

| Particulars | Year ended 31.03.2018 | Year ended 31.03.2017 |
|--|--------------------------|--------------------------|
| Profit after tax | 2.92 | (1,495.91) |
| Net profit for calculation of basic and diluted EPS | 2.92 | (1,495.91) |
| Weighted average number of equity shares outstanding (Nos.) | 25.43 | 25.43 |
| Basic & Diluted Earnings Per Share (FV ₹10/- each) | 0.11 | (58.84) |

45 Corporate Social Responsibility Expenditure as per Section 135 of the Companies Act, 2013

| Particulars | Year ended 31.03.2018 | Year ended 31.03.2017 |
|--|--------------------------|--------------------------|
| Gross Amount required to be spent by the Company during the year | - | 5.09 |

Amount spent during the year ending on March 31, 2018 :

| Particulars | In Cash | Yet to be Paid | Total |
|-------------------------------------|-------------|----------------|-------------|
| Construction / acquisition of Asset | - | - | - |
| On Purpose other than above | 0.50 | - | 0.50 |

Amount spent during the year ending on March 31, 2017 :

| Particulars | In Cash | Yet to be Paid | Total |
|-------------------------------------|---------|----------------|-------|
| Construction / acquisition of Asset | - | - | - |
| On Purpose other than above | 5.09 | - | 5.09 |



SEAMEC LIMITED

46 Un-hedged Foreign Currency Exposure as at Balance Sheet date

₹ million

| Particulars | Currency | Year ended 31.03.2018 | | Year ended 31.03.2017 | |
|------------------------|--------------|----------------------------|---------------|----------------------------|----------------|
| | | Amount in Foreign Currency | Amount in INR | Amount in Foreign Currency | Amount in INR |
| Trade Payables | EURO | 0.29 | 23.30 | 0.29 | 20.35 |
| | GBP | 0.03 | 2.43 | 0.03 | 2.83 |
| | NOK | 0.46 | 3.94 | 0.10 | 0.73 |
| | SGD | 0.04 | 1.93 | 0.02 | 0.94 |
| | AED | 0.25 | 4.53 | 0.20 | 3.57 |
| | USD | 13.28 | 868.27 | 15.63 | 1,016.03 |
| | JPY | 0.51 | 0.32 | - | - |
| | Total | | 904.72 | Total | 1044.45 |
| Crew Liability | USD | 0.07 | 4.46 | - | - |
| Trade Receivables | USD | 24.82 | 1,603.13 | 23.38 | 1,509.07 |
| Unbilled Revenue | USD | 0.19 | 12.28 | - | - |
| Unearned Revenue | USD | 0.07 | 4.48 | - | - |
| Bank balances | USD | 0.18 | 11.91 | 0.09 | 5.76 |
| Non-Current Investment | AED | 2.00 | 25.68 | 2.00 | 25.68 |

47 Leases

Operating Lease Commitments

Office premises are obtained on operating lease / leave and license. The lease term is for the period of 1 to 9 years and renewable at the option of the Company. There are no restrictions imposed by lease arrangements. The total lease term is for a period of 108 months out of which there is a lock-in period of initial 60 months.

Minimum lease payments under non-cancellable operating lease / leave and license are as follow :

₹ million

| Particulars | Year ended 31.03.2018 | Year ended 31.03.2017 |
|---|-----------------------|-----------------------|
| i. Payable Not later than one year | 21.80 | 21.05 |
| ii. Payable Later than one year but not later than five years | 12.91 | 37.68 |
| iii. Payable Later than five years | - | - |
| Lease payments recognized in the Statement of Profit and Loss | 25.30 | 49.01 |

The lease fees shall be increased by 15% over the last monthly lease fee paid after completion of every 36 months from the rent commencement date of the lease deed agreement.

48 Financial Instruments

Fair value measurement

₹ million

| Particulars | As at 31.03.2018 | | | As at 31.03.2017 | | |
|--|------------------|----------|-----------------|------------------|----------|-----------------|
| | FVPL | FVOCI | Amortised Cost | FVPL | FVOCI | Amortised Cost |
| Financial Assets | | | | | | |
| Investments | | | | | | |
| Mutual Funds | 420.16 | - | 25.68 | 347.52 | - | 25.68 |
| Trade receivables | - | - | 1,173.61 | - | - | 1,087.80 |
| Cash and Cash equivalents | - | - | 11.99 | - | - | 38.06 |
| Bank balances other than cash and cash equivalents | - | - | 410.06 | - | - | 404.34 |
| Deposits | - | - | 12.92 | - | - | 11.75 |
| Interest Receivable | - | - | 47.74 | - | - | 35.37 |
| Other receivables | - | - | 12.28 | - | - | 1.00 |
| Total financial assets | 420.16 | - | 1,694.28 | 347.52 | - | 1,604.00 |
| Financial liabilities | | | | | | |
| Borrowings | - | - | 73.17 | - | - | 179.09 |
| Trade payables | - | - | 1,015.64 | - | - | 1,182.89 |
| Other financial liabilities | - | - | 182.61 | - | - | 175.85 |
| Total financial liabilities | - | - | 1,271.43 | - | - | 1,537.83 |

The management assessed that the fair value of Trade receivables, cash and cash equivalents, other Bank Balance, Other financial assets, Trade payables, Borrowings and other financial liabilities, approximate their carrying amounts largely due to the short-term maturities of these instruments. For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of the company's assets.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2018, March 31, 2017:

₹ million

| Particulars | Fair value measurement using | | | | |
|--------------------------------------|------------------------------|--------|--|---|---|
| | Date of Valuation | Total | Quoted price in Active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| Assets measured at fair value | | | | | |
| Investment in Mutual Fund | 31-Mar-18 | 420.16 | 420.16 | - | - |
| Investment in Mutual Fund | 31-Mar-17 | 347.52 | 347.52 | - | - |

There have been no transfers between Level 1 and Level 2 during the year.



49 Gratuity and other post-employment benefit plans.

1 Defined Contribution Plans :

Amount of ₹ 1.66 million (31.03.2017 : ₹ 1.81 million) is recognised as an expense and included in Employee Benefit Expense (refer note 31) in statement of profit and Loss.

2 Defined Benefit Plans :

The Company has a defined benefit gratuity plan. Every employee (other than crew who have covered under separate scheme) who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the form of a trust and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy. Each year, the Board of Trustees reviews the level of funding in the India gratuity plan. Such a review includes the asset-liability matching strategy and investment risk management policy. The Board of Trustees decides its contribution based on the results of this annual review. The Obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and other comprehensive income the funded status and amounts recognized in the balance sheet for the respective plans.

Statement of Profit and Loss

Net employee benefit expense (recognised in contribution to provident, gratuity fund and other funds) (₹million)

| Particulars | Gratuity | |
|---|--------------------------|--------------------------|
| | Year ended 31.03.2018 | Year ended 31.03.2017 |
| Current service cost | 0.41 | 0.47 |
| Net Interest cost on benefit obligation | (0.03) | (0.05) |
| Past service Cost | 1.58 | - |
| Expenses Recognised | 1.95 | 0.42 |

Net Interest cost for the period

| Particulars | Year ended 31.03.2018 | Year ended 31.03.2017 |
|------------------------------|--------------------------|--------------------------|
| Interest Cost | 0.42 | 0.57 |
| (Interest Income) | (0.45) | (0.62) |
| Net Interest cost for period | (0.03) | (0.05) |

Remeasurement gains/Losses in Other Comprehensive Income:

| Particulars | Year ended 31.03.2018 | Year ended 31.03.2017 |
|--|--------------------------|--------------------------|
| Actuarial changes arising from changes in Demographic assumptions | - | - |
| Actuarial changes arising from changes in Financials assumptions | (0.19) | 0.22 |
| Experience Adjustments | (0.13) | (0.45) |
| Return on Plan Assets excluding Interest income | (0.01) | 0.10 |
| Net(Income) / Expense recognised for the period in Other Comprehensive Income | (0.33) | (0.13) |

Balance sheet

Details of Provision for gratuity

₹ million

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|--------------------------------------|---------------------|---------------------|
| Defined benefit obligation | 8.04 | 6.18 |
| Fair value of plan assets | 7.10 | 6.64 |
| | (0.94) | 0.46 |
| Less: Unrecognised past service cost | - | - |
| Plan asset / (liability) | (0.94) | 0.46 |

Changes in the present value of the defined benefit obligation are as follows:

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|--|---------------------|---------------------|
| Opening defined benefit obligation | 6.18 | 7.25 |
| Interest cost | 0.42 | 0.57 |
| Current service cost | 0.41 | 0.47 |
| past Service cost | 1.58 | - |
| Benefits paid | (0.23) | (1.88) |
| Remeasurement (gains) / losses on obligation-Due to changes in demographic assumptions | - | - |
| Remeasurement (gains) / losses on obligation- Due to change in Financial assumptions. | (0.19) | 0.22 |
| Remeasurement (gains) / losses on obligation-Due to experience. | (0.13) | (0.45) |
| Closing defined benefit obligation | 8.04 | 6.18 |

Changes in the fair value of plan assets are as follows:

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---------------------|---------------------|
| Opening fair value of plan assets | 6.64 | 7.89 |
| Interest Income | 0.45 | 0.62 |
| Contributions by employer | 0.23 | 0.11 |
| Benefits paid | (0.23) | (1.88) |
| Return on Plan Assets excluding Interest income | 0.01 | (0.10) |
| Closing fair value of plan assets | 7.10 | 6.64 |

₹ million

The Company expects to contribute ₹ 0.3 million (31.03.2018 : 0.2 million) to gratuity in F.Y.2018-19.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|--------------------------|---------------------|---------------------|
| Investments with insurer | 100% | 100% |

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.



SEAMEC LIMITED

The principal assumptions used in determining gratuity for the Company's plans are shown below:

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|-------------------|---------------------|---------------------|
| Discount rate | 7.65% | 6.81% |
| Salary Escalation | 6.00% | 6.00% |
| Attrition Rate | 10.00% | 10.00% |

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

A quantitative sensitivity analysis for significant assumptions as at March 31, 2018 is as shown below:

Sensitivity Analysis

| Particulars | ₹ million | |
|---|--------------------------|--------------------------|
| | Year ended 31.03.2018 | Year ended 31.03.2017 |
| Projected Benefit obligation on Current Assumptions | 8.04 | 6.18 |
| Delta Effect of +1% Change in Rate of Discounting | (0.21) | (0.22) |
| Delta Effect of -1% Change in Rate of Discounting | 0.23 | 0.24 |
| Delta Effect of +1% Change in Rate of Salary Increase | 0.23 | 0.24 |
| Delta Effect of -1% Change in Rate of Salary Increase | (0.22) | (0.22) |
| Delta Effect of +1% Change in Rate of Employee Turnover | 0.01 | - |
| Delta Effect of -1% Change in Rate of Employee Turnover | (0.01) | - |

50 Details Of Dues To Micro, Small And Medium Enterprises As Defined Under The Micro, Small And Medium Enterprises Development Act, 2006 :

| Particulars | ₹ million | |
|--|---------------------|---------------------|
| | As at 31.03.2018 | As at 31.03.2017 |
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year* | | |
| - Principal amount due to micro and small enterprises. | 6.35 | 6.50 |
| - Interest due to Micro, Small And Medium Enterprises. | 0.80 | 1.39 |
| - The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year. | - | - |
| - The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the MSMED Act 2006. | - | - |
| - The amount of Interest accrued and remaining unpaid at the end of each accounting period. | 0.80 | 1.39 |
| - The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006. | - | - |

* Dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

51 Financial Risk Management- Objectives And Policies

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The management assures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

a Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings.

The below assumption has been made in calculating the sensitivity analysis:

(1) The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018 and March 31, 2017.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate due to change in market interest rates. The company is not exposed to any significant interest rate risk as at the respective reporting dates.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the company's operating activities (when revenue or expense is denominated in a foreign currency). Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the company's functional currency. The company's foreign currency transactions are mainly in United State Dollars (USD).

The Company manages its foreign currency risk by natural hedging.

The following tables demonstrate the sensitivity to a reasonably possible change in USD and other exchange rates, with all other variables held constant. The impact on the company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

| Particulars | (₹ million) | |
|----------------|----------------------------|--------------------------------|
| | Change in Currency rate | Effect on Profit Before Tax |
| USD | 1% | 7.59 |
| Other Currency | 1% | (0.11) |
| USD | -1% | (7.59) |
| Other Currency | -1% | 0.11 |

b Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.



SEAMEC LIMITED

Trade Receivables

Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

Financial Instruments and cash deposits

Credit risk from balances with banks is managed by the company's senior management. The company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2018, March 31, 2017 is the carrying amounts as illustrated in respective notes.

c Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from inability to sell a financial asset quickly at close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments.

| Particulars | | | | | | (₹ million) |
|---------------------------------|-----------|-------------|--------------------|----------------|----------|-------------|
| | On Demand | Not yet Due | Less than 3 Months | 3 to 12 Months | > 1 Year | Total |
| (a) Borrowings | - | - | - | 73.17 | - | 73.17 |
| (b) Trade payables | 831.96 | 183.68 | - | - | - | 1,015.64 |
| (c) Other Financial liabilities | 182.61 | - | - | - | - | 182.61 |

52 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The primary objective of the company's capital management is to maximise the shareholder value.

The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company monitors capital using debt equity ratio, The debt equity ratio as on March 31, 2018 is 3% (March 31, 2017: 7%)

53 Previous year figures

Previous year figures have regrouped / reclassified, where necessary, to conform to this year's classification.

As per our report of even date

For T R Chadha & CO LLP

Chartered Accountants

Firm registration No. 006711N/N500028

Vikas Kumar

Partner

Membership No: 075363

For and on behalf of the Board of Directors of SEAMEC Limited

Sanjeev Agrawal

Chairman

Mahesh Prasad Mehrotra

Director

Virendra Kumar Gupta

President & Chief Financial Officer

S N Mohanty

President -Corporate Affairs, Legal & Company Secretary

Place: Mumbai

Date: May 25, 2018

Place: Mumbai

Date: May 25, 2018

Annexure- A

Related Parties with whom transactions have taken place during the year ended March 31, 2018

₹ million

| Particulars | HAL Offshore Limited | | Seamec International FZE | | Relatives of Key Management Personnel | | Key Management Personnel | |
|-----------------------------|----------------------|-----------|--------------------------|-----------|---------------------------------------|-----------|--------------------------|-----------|
| | Holding Company | | Subsidiary Company | | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| Transaction during the Year | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| Income from operations | 517.92 | 371.31 | - | - | - | - | - | - |
| Reimbursement Received | 0.12 | 25.33 | - | - | - | - | - | - |
| Sub Contracting Expenses | 12.39 | 29.75 | - | - | - | - | - | - |
| Rent Expenses | - | - | - | - | 24.42 | 46.86 | - | - |
| Expenses | - | - | 8.94 | 3.29 | - | - | 0.28 | 0.33 |
| Security Deposit Given | - | - | - | - | - | - | - | - |
| Security Deposit Refund | - | - | - | - | - | 4.91 | - | - |
| Salaries & Allowances | - | - | - | - | - | - | 12.76 | 29.19 |
| Directors sifting Fees | - | - | - | - | - | - | 1.48 | 1.20 |
| Year end balance | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 |
| Security Deposit | - | - | - | - | - | 10.72 | - | - |
| Advance Rent | - | - | - | - | - | 4.22 | - | - |
| Balance payable | - | 41.38 | 1.99 | - | - | - | - | - |
| Balance receivable | 279.36 | 273.77 | - | - | - | - | - | - |

1. Key management personnel – Captain C J Rodricks, Managing Director (upto March 31, 2017). Mr. V K Gupta, President & CFO & Mr. S. N. Mohanty, President - Corporate Affairs, Legal & Company Secretary.

Directors – Mr. Sanjeev Agrawal, Mr. Surinder Singh Kohli, Mr. Amarjit Singh Soni, Mr. Mahesh Prasad Mehrotra & Mrs. Seema Jayesh Modi.

2. Relative of Key Management Personnel Mrs. Deepti Agrawal, wife of Mr. Sanjeev Agrawal (Chairman).

3. Provision for contribution to gratuity fund, leave encashment on retirement and other defined benefits which are made based on actuarial valuation on an overall Company basis are not included in remuneration to key management personnel.

4. Related party relationship is as identified by the company and relied upon by auditor.

5. The figures on income and expenses are net of taxes.



SEAMEC LIMITED

Terms and Conditions of transaction with Related parties

Outstanding balances at the period-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2018, the company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017: INR Nil.). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel

(₹ million)

| Particulars | TOTAL |
|----------------------------------|-------|
| Short term employee benefits | 12.40 |
| Post Employment benefits | 0.36 |
| Sifting Fees | 1.48 |
| Total Compensation paid to KMP's | 14.24 |



Corporate Identification Number:U24298MH1996PLC310098

Registered Office and Corporate Office: 4 Wing B/Plot No. 32, Corporate Avenue Premises, Off Mahakali Caves Road, Village Gundavali Paper Box, Mumbai Maharashtra-400093

Phone: 022-42369200, Fax: 022-42369235, E-mail: info@haloffshore.com

Website: www. haloffshore.in

IN THE NATURE OF ABRIDGED PROSPECTUS – MEMORANDUM CONTAINING SALIENT FEATURES IN RESPECT OF THE DEMERGER OF EPC & VESSEL DIVISION OF HAL OFFSHORE LIMITED INTO SEAMEC LIMITED PURSUANT TO THE PROPOSED SCHEME OF ARRANGEMENT BETWEEN HAL OFFSHORE LIMITED AND SEAMEC LIMITED (THE SCHEME)

THIS ABRIDGED PROSPECTUS IS PREPARED IN TERMS OF PARA 3(a) OF PART - I(A) OF SEBI CIRCULAR NO. CFD/DIL3/CIR/2017/21 DATED MARCH 10, 2017

This document is prepared to comply with the requirement of Regulation 37 of the SEBI (LODR) Regulations, 2015 read with the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended and is in accordance with the disclosure in the Abridged Prospectus as provided in Part-D of Schedule VIII of the SEBI (ICDR) Regulations, 2009, to the extent applicable.

Background of the Scheme of Arrangement:

Seamec Limited (Resulting Company) is an already listed Company, whose Equity Shares are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). **HAL Offshore Limited (Demerged Company/ the Company)** is an unlisted Company. Seamec Limited is a subsidiary of HAL Offshore Limited.

Pursuant to the Scheme, the Resulting Company shall issue Equity as well as Compulsorily Redeemable Preference Shares (CRPS) to the equity shareholders of the unlisted Demerged Company. The Equity Shares to be issued pursuant to the Scheme shall get listed at BSE & NSE. However, the CRPS to be issued pursuant to the Scheme shall not be listed at any stock exchange. There shall be no shares to be issued to any of the shareholder of Seamec Limited (including public category shareholders) as per the aforesaid Scheme of Arrangement.

The procedure with respect to public issue/ public offer would not be applicable, as this issue is only to the shareholders of the unlisted Demerged Company, pursuant to the Scheme, without any cash consideration. Hence the procedure with respect to General Information Document (GID) may be applicable only to the limited extent as specifically provided.

Investment in equity and equity-related securities involve a degree of risk and investors should not invest in the equity shares of the Resulting Company unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in the shares of Resulting Company. For taking an investment decision, investors must rely on their own examination of the Company including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the statement of Risk Factors appearing in this Document.

Eligibility

In compliance with the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended and in accordance with Abridged prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, to the extent applicable:

- a. The equity shares sought to be listed pursuant to the Scheme, are proposed to be allotted by the Resulting Company to the equity shareholders of the unlisted Demerged Company;
- b. The post scheme equity shareholding pattern of the public category of the listed Resulting Company shall not be less than 25%;
- c. The Resulting Company will not issue/ re-issue any shares not covered under the draft Scheme; and
- d. Neither there are outstanding warrants/ instruments/agreements which gives any right to the person to take the equity shares in the Resulting Company at any future date nor such instrument are stipulated in the Scheme.

NAME OF THE PROMOTERS OF THE COMPANY: Mr. SanjeevAgrawal,Mrs.Deepti Agarwal, Mr. AnantAgarwal and Sanjeev Agrawal – HUF

(for further details refer to para no. V of the Abridged Prospectus.)

HAL OFFSHORE LIMITED

(HAL Offshore Limited is a Company incorporated and registered under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated December 17, 1996)

Corporate Identification Number:U24298MH1996PLC310098

Registered Office and Corporate Office: 4 Wing B/Plot No. 32, Corporate Avenue Premises, Off Mahakali Caves Road, Village Gundavali Paper Box, Mumbai Maharashtra-400093

Phone: 011-43585000/ 022-42369200

Fax: 011-43585015/ 022-42369235

E-mail: info@haloffshore.com

Website: www.haloffshore.in

Contact Person: Ms. Sheetal Bansal, Company Secretary

I. Issue Details, Listing and Procedure: Not Applicable

II. General Risks

Financial Risk Management - Objectives and Policies:

The financial liabilities comprises of loans and borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance the company's operations. The Company's principal financial assets include loans, trade receivables and cash and cash equivalents and other financial assets. The Company is exposed to various risks such as market risk, credit risk etc.. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

Market Risk: Market risk is the risk that the Company's assets and liabilities will be exposed to due to a change in market prices that determine the valuation of these financial instruments. Market risk comprises three type of risks: interest rate risk, currency risk and other price risk such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Interest Rate Risk: Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company's policy is to minimise interest rate cash flow risk exposure on long-term financing. At March 31, 2018, the Company is exposed to changes in market interest rates majorly through Foreign Currency Term loan.

Foreign Currency Risk: Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the company's operating activities (when revenue or expense is denominated in a foreign currency). Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the company's functional currency. The company's foreign currency transactions are mainly in United State Dollars (USD).

Credit Risk: Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from

its operating activities primarily trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Company Specific Risks

1. We are involved in certain litigations and legal proceedings, any adverse developments related to which could materially and adversely affect our business, reputation and cash flows. For details of litigations, please refer to Clause IX (Details of Material Penal Actions/ Litigations).
2. We depend on M/s. Oil & Natural Gas Corporation Limited (ONGC) which is the main contributor to our operating revenues. ONGC accounted for almost 98% of our total operating revenue for FY 2017-18. Reliance on a limited number of customers for our business may generally involve several risks. These risks may include, but are not limited to, reduction, delay or cancellation of orders from them; failure to renew sales contracts; failure to renegotiate favourable terms with our key customers; the loss of these customers; all of which would have a material adverse effect on the business, financial condition, results of operations and future prospects of our Company.
3. The Company earns a significant portion of its revenue in foreign currency and hence is vulnerable to fluctuations in the foreign exchange rates.
4. The Company has taken foreign currency loan. Adverse fluctuation in exchange rate may negatively affect the financial positions of the Company.
5. The Company is dealing with OIL & Gas operators whose revenue depends upon the international crude prices. Any drastic Fluctuation in Crude Oil Prices may effect the financial health of our customer and may negatively affect the operation of the Company.
6. Mishaps and accidents to a ship can occur in the form of ship collisions, act of piracy, sinking, fire, explosions, wars, act of God and oil/chemical spillage which could lead to loss of ships.
7. Our insurance coverage may not adequately protect us against losses caused due to accidents, fire, earth quake or any other natural calamities. There can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all material losses.
8. We have certain contingent liabilities and our cash flows, financial condition and profitability may be adversely affected if any of these contingent liabilities materialise.
9. If we are unable to collect our dues and receivables from our customers, our results of operations and cash flows could be materially and adversely affected.
10. Our business requires us to obtain and renew certain licenses and permits from government, regulatory authorities and the failure to obtain or renew them in a timely manner may adversely affect our business operations.
11. Some of our Group Companies have incurred losses in the past and may incur losses in the future. For further, please refer to information about the Group Companies under Clause XIII “ Group Companies, Subsidiaries and joint Ventures.
12. Our Promoters, holds Equity Shares in our Company and are therefore interested in our Company's performance.

III. Credit Rating Agency, Debenture Trustee and Issue Management Team: Not Applicable

IV. History of the Company

HAL Offshore Ltd [Corporate Identification No. (CIN): U24298MH1996PLC310098] was originally incorporated under the provisions of the Companies Act, 1956, as a public limited company with the name and style as 'Himachal Alkalies Ltd' vide Certificate of Incorporation dated 17th December, 1996 issued by the Registrar of Companies, Delhi & Haryana, New Delhi.

The Company was issued Certificate for Commencement of Business dated 27th December, 1996 by the Registrar of Companies, Delhi & Haryana, New Delhi.

Name of the Company was changed to 'HAL Offshore Ltd' vide Fresh Certificate of Incorporation dated 4th September, 2000 issued by the Registrar of Companies, New Delhi.

Subsequently, the registered office of the Company was shifted from NCT of Delhi to State of Maharashtra and a certificate of registration of the order of the Regional Director, Northern Region, dated February 13, 2018, confirming transfer of the registered office from one state to another was issued by the Registrar of Companies, NCT of Delhi & Haryana on May 29, 2018. The Present Registered Office Of the Company is Situated at 4 Wing B/ Plot No. 32, Corporate Avenue Premises, Off Mahakali Caves Road, Village Gundavali Paper Box, Mumbai, Maharashtra-400093

The present authorized share capital of the Company is Rs. 25,00,00,000 divided into 2,50,00,000 Equity Shares of Rs. 10 each.

The present issued, subscribed and paid-up share capital of the Company is Rs. 14,87,37,800 divided into 1,48,73,780 Equity Shares of Rs. 10 each.

The Company is the holding Company of the Resulting Company – Seamec Limited.

The main object of our Company, as contained on our Memorandum of Association, is as set forth below:

1. Managing, chartering, owning, repairing, servicing, dealing and acting as agents for marine vessels and ships of all nationalities, flags, types, sizes and description, whether for carrying passengers or cargo or otherwise and acting as agents or representatives of foreign manufacturers principals in respect or sales and servicing including obtaining and issuing warranties of all plant, machinery, instruments, equipment and things connected with or ancillary to the Shipping Industry.
2. To act as consultants, advisors, coordinators, technicians, surveyors, promoters, recruiting agency, turnkey operators representatives, trainers, researchers, contractors in all matters relating to marine services, under water services, shipping travel, transportation, pipe laying industrial and public utility projects in any part of the world and to select, procure and supply staff and labour, plant, machinery, equipment, tools, spares, fitting, instruments and all items connected therewith as may be required or necessary for rendering marine services.
3. To carry on business as Engineering and procurement Contractors, general engineers, mechanical engineers, process engineers, civil engineers, general mechanical and civil contractors and consultants for oil & gas sectors and to enter into contracts and joint ventures in relation to and to erect, construct, supervise, maintain, alter, repair, pulldown and restore, either alone or jointly with other companies or persons, works of all descriptions, including plants of all descriptions, factories, mills, refineries, pipelines, gas

works, electrical works, Power plants, water works, water treatment plants and to undertake turnkey projects of every description and to undertake the supervision of any plant or factory and to invest in or acquire in companies carrying on the above business.

4. To manufacture, produce, process, buy, sell trade, import, and export and otherwise deal in Caustic Soda, Salt, Barimeen Salts, Purification Chemicals, Graphite, Anode, Soda Ash, Sodium Sulphate.
5. To carry on business as traders, dealers, wholesalers, retailers, importers, exporters, processors, formulators, finishers, packers, dispatchers, receivers and manufacturers of various types of chemicals, Acids, Alkalies and other substances from heavy and light grades of chemicals including monochlorophenol, diachlorophenol, Calcium chloride and such other chemical and raw-material for chemicals of all description.
6. To manufacture, process and otherwise deal in petroleum and petroleum products and petrochemicals and any of their by-products.
7. To produce, manufacture, use, buy or otherwise acquire, sell, distribute, deal in and dispose of alkalies and acids, gasses, compounds, fertilizers, Chemicals and chemical products of every nature and description and compounds, intermediates, derivatives and by-products thereof.
8. To act as consultants in the fields of chemical technology.
9. To carry on the business of Electronic Communication Engineering and render and supply and forms of marine services including:
 - a. Import, export, supply, hire, let out or otherwise deal in, install, service, repair and maintain all plant, machinery, instruments and equipment relating to navigation, communication, radar, electronic, electrical, safety and other aspects of marine servicing and engineering.
 - b. Moving men and material over land and sea by trucks, seagoing vessels and other means of communication.
10. To carry on the business of stock and share brokers and to deal (purchase and sale) in shares, securities, debentures of private and public-sector companies registered under the companies Act, 1956 and to deal in Government securities, trust securities and all other such types of securities and actionable claims and to hold the mass investments for earning profits.
11. To acquire, take up and hold shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any company, corporation or authority constituted for carrying on business in India or in any foreign country and debentures, debenture-stocks, bonds, obligations and securities issued or guaranteed by any Government, sovereign ruler, commissioner, public body or Authority, supreme, municipal, local or otherwise, whether in India or any foreign country.
12. To carry on the business of buying selling, reselling, importing, exporting, transporting, Storing, developing, promoting, marketing or supplying, trading, dealing in any manner whatsoever in all type of goods on retail as well as on wholesale basis in India or elsewhere.

13. To carry on the business as exhibitors of various goods, services and merchandise and to undertake the necessary activities to promote sales of goods, services and merchandise manufactured/deal with/provided by the Company.

Mergers, de-mergers and Acquisitions in the history of Company

There is no case of merger or demerger in the history of the Company. With regard to the acquisition made, the Company has acquired the majority shareholding and management control over Seamec Limited after due compliance of the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. The brief details of such acquisition are as below:

| | |
|------------------------|--|
| Acquirer | HAL Offshore Limited |
| Target Company | Seamec Limited |
| Details of acquisition | <p>The Company had purchased 1,72,89,000 equity shares of Seamec Limited at Rs. 97/- each from the erstwhile promoters Coflexip Stena Offshore (Mauritius) Limited through a Share Purchase Agreement dated April 22, 2014.</p> <p>On April 22, 2014 the Company entered into a share purchase agreement, with the erstwhile promoter of Seamec Limited namely – Coflexip Stena Offshore (Mauritius) Limited, where under the Company had agreed to acquire from the Seller a maximum of 25,425,000 Equity Shares constituting 75.00% of the Equity Share Capital in two tranches in the following manner: (i) 17,289,000 Equity Shares, representing 51.00% of the Equity Share Capital from the Seller in the first tranche, being the First Tranche Equity Shares; and (ii) subject to the number of Equity Shares acquired in the Open Offer, the Acquirer shall acquire such number of Equity Shares in the second tranche, subject to a maximum of 8,136,000 Equity Shares, to bring the Acquirer’s aggregate shareholding in the Target Company to 75.00% of the Equity Share Capital, being the Second Tranche Equity Shares.</p> <p>The acquisition price was Rs. 97/- per equity shares.</p> <p>Post Open Offer and post-acquisition of shares under the aforesaid Share Purchase Agreement; HAL Offshore Limited acquired a total number of 2,54,23,803 equity shares of Seamec Limited at a price of Rs. 97/- each constituting 75% of the total equity share capital of Seamec Limited.</p> |

V. Promoters of the Company

Mr. Sanjeev Agrawal, Mrs. Deepti Agrawal, Mr. Anant Agrawal and Sanjeev Agrawal – HUF are the promoters of the Company. The Company belongs to MMG group of Companies.

The details of the promoters are as under:

Mr. Sanjeev Agrawal, aged about 54 years is the promoter of the Company. He is a Post Graduate in Management from Coca Cola University, Atlanta, USA, as well as, Gold Medalist in Master of Commerce from Kanpur University, Kanpur. He has more than 25 years of experience of managing and

handling various businesses of the MMG Group, viz., Beverages, Offshore, EPC, Hospitality, real estate, NBFC etc.

Mrs. Deepti Agrawal, aged about 52 years, is a Graduate by qualification with more than 15 years of experience in MMG Group.

Mr. Anant Agrawal, aged about 26 years, is Post Graduate in Commerce by qualification. After completing his education, he joined MMG group and is presently spear heading the beverages operations of the Group.

Sanjeev Agrawal – HUF: Mr. Sanjeev Agrawal is the Karta of this HUF.

VI. Board of Directors

The details of the Board of Directors of the Company are as below:

| Sr.No. | Name, Age, Designation, Occupation, Nationality, Term and DIN | Date of Appointment / Re-appointment/ Latest change in Designation | Other Directorship |
|---------------|---|---|--|
| 1. | Name: Vijay Kumar Gupta Designation: Director (Independent Director) Age: 70 Occupation: Business Nationality: Indian Term: 5 years (31/05/2014 to 30/05/2019) DIN: 00022885 | 31/05/2014 | Public Limited Company: Superior Industrial Enterprises Limited Moon Beverages Limited RPL Capital Finance Limited |
| 2. | Name: Vineet Saran Agrawal Designation: Whole Time Director Age: 44 Occupation: Service Nationality: Indian Term: 5 years (14/01/2015 to 13/01/2020) DIN: 06993827 | 30/10/2014 (Appointment as whole-time director w.e.f. 14/01/2015) | Private Limited Company: Aarey Organic Industries Private Limited ESSEH Turnkey EPC Private Limited |
| 3. | Name: Kamal Narayan Rathi Designation: Whole Time Director Age: 66 Occupation: Service Nationality: Indian Term: 5 years (24/06/2015 to 23/06/2020) DIN: 06994787 | 30/10/2014 (Appointment as whole-time director w.e.f. 24/06/2015) | Private Limited Company: Aarey Organic Industries Private Limited |
| 4. | Name: Naveen Mohta Designation: Whole Time Director Age: 45 Occupation: Service Nationality: Indian Term: 5 years (14/01/2015 to 13/01/2020) DIN: 07027180 | 30/10/2014 (Appointment as whole-time director w.e.f. 14/01/2015) | Public Limited Company: Seamec Limited |

Brief profile of Directors:

Mr. Vijay Kumar Gupta: Mr. Vijay Kumar Gupta aged about 70 years, is a Chartered Accountant and having more than 40 years of experience in Accounting, Taxation, Finance, and Corporate Law etc.

Mr. Vineet Saran Agrawal: Mr. Vineet Saran Agrawal, aged about 44 years, has done B.Tech, having experience of over 20 years of managing and handling Offshore, EPC, division within the company.

Mr. Kamal Narayan Rathi: Mr. Kamal Narayan Rathi, aged about 66 years, has done B. E (Mechanical) having 42 years of professional experience, comprising shore industrials, sea sailing career on tankers, general Cargo and containerships with SCI and foreign companies, Teaching on Merchant Navy Training Ship T S Rajendra, entrepreneurship and all aspects of ship management.

Mr. Naveen Mohta: Mr. Naveen Mohta, aged about 45 years, is a Chartered Accountant and ICWA, has over 20 years of work experience, interacted with various Govt. bodies such as SIPCOT, TNGST department, excise, pollution control boards etc. for getting various approvals and registrations for the green field project in Chennai, besides looking after the accounts and finance function.

The change in the directors in the last three years are as follows:

Details of changes in the Board of Directors of the Company during last three years is as below:

| Name of Director | Date of Appointment | Date of cessation | Reason |
|--------------------------|---------------------|-------------------|---|
| Ms. Divya Mehrotra | 21/03/2015 | 04/05/2018 | Appointed as Woman Independent Director. on 21/03/2015. Resigned w.e.f. May 04, 2018. |
| Mr. Shyam Sunder Singhal | 21/03/2015 | 18/10/2016 | Was Appointed as Independent Director. Ceased to be director due to death. |
| Mr. Prince Goyal | 10/03/2014 | 11/03/2016 | Resigned |
| Mr. Ashwani Kumar Verma | 31/03/2017 | 14/06/2017 | Was Appointed as Director and thereafter resigned. |

Corporate Governance

The provisions of the SEBI (LODR) Regulations, 2015 are not applicable to our Company.

VII. Shareholding Pattern

The aggregate Shareholding of each of the categories as prescribed in terms of Regulation 31 of the SEBI (LODR) Regulations, 2015 is as follows:

| Category | No. of Shareholders | Pre-Scheme | | Post-Scheme | |
|---------------------------|---------------------|----------------------|---------------|----------------------|---------------|
| | | No. of Equity shares | % Holding | No. of Equity shares | % Holding |
| Promoter & Promoter Group | 19 | 14873780 | 100.00 | 14873780 | 100.00 |
| Public | Nil | Nil | Nil | Nil | Nil |
| Total | 19 | 14873780 | 100.00 | 14873780 | 100.00 |

The pre & post scheme shareholding pattern of the Company shall remain the same. The present shareholding pattern of the Company is as below:

| 1. | Name of Entity: | | | | | | | | | | | HAL OFFSHORE LIMITED | | | | | | |
|----------|---|----------------------|---|--|---|--------------------------|---|--|----------|----------|--|---|----------------------------|---------|---|---------|---|---------------------------------|
| 2. | Scrip Code/Name of Scrip/Class of Security | | | | | | | | | | | Equity Share | | | | | | |
| 3. | Share Holding Pattern Filed under: Reg. 31(1)(a)/Reg. 31(1)(b)/Reg.31(1)(c) | | | | | | | | | | | Reg. 31(1)(b) | | | | | | |
| a. | If under 31(1)(b) then indicate the report for Quarter ending | | | | | | | | | | | 30/06/2018 | | | | | | |
| b. | If under 31(1)(c) then indicate date of allotment/extinguishment | | | | | | | | | | | N.A. | | | | | | |
| 4. | Declaration: The Listed entity is required to submit the following declaration to the extent of submission of information:- | | | | | | | | | | | | | | | | | |
| | Particulars | | | | | | | | | | | Yes | | No | | | | |
| 1. | Whether the Listed Entity has issued any partly paid up shares? | | | | | | | | | | | N.A. | | No | | | | |
| 2. | Whether the Listed Entity has issued any Convertible Securities or Warrants? | | | | | | | | | | | N.A. | | No | | | | |
| 3. | Whether the Listed Entity has any shares against which depository receipts are issued? | | | | | | | | | | | N.A. | | No | | | | |
| 4. | Whether the Listed Entity has any shares in locked-in? | | | | | | | | | | | N.A. | | No | | | | |
| 5. | Whether any shares held by promoters are pledge or otherwise encumbered? | | | | | | | | | | | N.A. | | No | | | | |
| 5. | The tabular format for disclosure of holding of specified securities is as follows: | | | | | | | | | | | | | | | | | |
| Category | Category of shareholder | Nos. of shareholders | No. of fully paid up equity shares held | No. of Partly paid-up equity shares held | No. of shares under Depository Receipts | Total no. of shares held | Share holding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | | No. of Shares Underlying Outstanding convertible securities (including Warrants) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2) | Number of Locked in shares | | Number of Shares pledged otherwise encumbered | | Number of equity shares held in dematerialized form | |
| | | | | | | | | No. of Voting Rights | | | | | Total as a % of (A+B+C) | No. (a) | As a % of total Shares held (b) | No. (a) | | As a % of total Shares held (b) |
| | | | | | | | | Class: Equity | Class: Y | Total | | | | | | | | |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII)=(IV)+(V)+(VI) | (VIII) | (IX) | | | (X) | (XI)=(VIII)+(X) | (XII) | (XIII) | (XIV) | (XV) | (XVI) | |
| (A) | Promoter & Promoter Group | 19 | 14873780 | 0 | 0 | 14873780 | 100.00 | 14873780 | 0 | 14873780 | 100.00 | 0 | 100.00 | 0 | 0 | 3178110 | 21.37 | 0 |
| (B) | Public | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| (C) | Non Promoter-Non Public | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (C1) | Shares underlying DRs | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (C2) | Shares held by Employee Trusts | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total | 19 | 14873780 | 0 | 0 | 14873780 | 100.00 | 14873780 | 0 | 14873780 | 100.00 | 0 | 100.00 | 0 | 0 | 3178110 | 21.37 | 0 |

| 1 | (a) | Category & Name of the Shareholders | No. of share holder | No. of fully paid up equity shares held | Partly paid-up equity shares held | Nos. of shares under Depository Receipts | Total no. of shares held | Share holding % calculated as per SCRR, 1957 As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | | No. of Shares Underlying Outstanding convertible securities (including Warrants) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) as a % of A+B+C2 | Number of Locked in shares | | Number of Shares pledged otherwise encumbered | | Number of equity shares held in dematerialized form | |
|-----|------|-------------------------------------|---------------------|---|-----------------------------------|--|--------------------------|---|--|----------|---------|--|---|-------------------------------------|---------|---|---------|---|---------------------------------|
| | | | | | | | | | No. of Voting Rights | | | | | Total as a % of Total Voting rights | No. (a) | As a % of total Shares held (b) | No. (a) | | As a % of total Shares held (b) |
| | | | | | | | | | Class: Equity | Class: Y | Total | | | | | | | | |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII)=(IV)+(V)+(VI) | (VIII) | (IX) | | | (X) | (XI)=(VIII)+(X) | (XII) | (XIII) | (XIV) | (XV) | (XVI) | | |
| 1 | (a) | Indian | 4 | 6042240 | 0 | 0 | 6042240 | 40.62 | 6042240 | 0 | 6042240 | 40.62 | 0 | 40.62 | 0 | 0 | 0 | 0.00 | 0 |

| | | | | | | | | | | | | | | | | | | | |
|----------|-----|---|-----------|-----------------|----------|----------|-----------------|---------------|-----------------|----------|-----------------|---------------|--------------|---------------|-------------|-------------|----------------|--------------|----------|
| | | u Undivided Family | | | | | | | | | | | | | 00 | | | | |
| | | Deepti Agarwal | 396000 | 0 | 0 | 396000 | 2.66 | 396000 | 0 | 396000 | 2.66 | 0 | 2.66 | 0 | 0.00 | 396000 | 2.66 | 0 | |
| | | Sanjeev Agarwal | 2430840 | 0 | 0 | 2430840 | 16.34 | 2430840 | 0 | 2430840 | 16.34 | 0 | 16.34 | 0 | 0.00 | 2430840 | 16.34 | 0 | |
| | | Anant Agarwal | 798000 | 0 | 0 | 798000 | 5.37 | 798000 | 0 | 798000 | 5.37 | 0 | 5.37 | 0 | 0.00 | 351270 | 2.36 | 0 | |
| | | Sanjeev Agarwal HUF | 2417400 | 0 | 0 | 2417400 | 16.25 | 2417400 | 0 | 2417400 | 16.25 | 0 | 16.25 | 0 | 0.00 | 0 | 0.00 | 0 | |
| | (b) | Central Government/State Government(s) | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | |
| | (c) | Financial Institutions/Banks | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | |
| | (d) | Any Other (Specity) - Body Corporate | 15 | 8831540 | 0 | 0 | 8831540 | 59.38 | 8831540 | 0 | 8831540 | 59.38 | 0 | 59.38 | 0 | 0.00 | 0 | 0.00 | 0 |
| | | Fortune Industries Resources Limited | 226000 | 0 | 0 | 226000 | 1.52 | 226000 | 0 | 226000 | 1.52 | 0 | 1.52 | 0 | 0.00 | 0 | 0.00 | 0 | |
| | | Saptrishi Finance Limited | 707874 | 0 | 0 | 707874 | 4.76 | 707874 | 0 | 707874 | 4.76 | 0 | 4.76 | 0 | 0.00 | 0 | 0.00 | 0 | |
| | | Metbrass Plassim India Limited | 1081780 | 0 | 0 | 1081780 | 7.27 | 1081780 | 0 | 1081780 | 7.27 | 0 | 7.27 | 0 | 0.00 | 0 | 0.00 | 0 | |
| | | Moon Beverages Limited | 1659242 | 0 | 0 | 1659242 | 11.16 | 1659242 | 0 | 1659242 | 11.16 | 0 | 11.16 | 0 | 0.00 | 0 | 0.00 | 0 | |
| | | GCB Overseas Pvt. Ltd. | 280000 | 0 | 0 | 280000 | 1.88 | 280000 | 0 | 280000 | 1.88 | 0 | 1.88 | 0 | 0.00 | 0 | 0.00 | 0 | |
| | | Indian ProbuildPvt. Ltd | 578320 | 0 | 0 | 578320 | 3.89 | 578320 | 0 | 578320 | 3.89 | 0 | 3.89 | 0 | 0.00 | 0 | 0.00 | 0 | |
| | | Rinkpi Financials & Consultants Pvt. Ltd. | 50000 | 0 | 0 | 50000 | 0.34 | 50000 | 0 | 50000 | 0.34 | 0 | 0.34 | 0 | 0.00 | 0 | 0.00 | 0 | |
| | | Horizon Infra Realtors Pvt. Ltd. | 223000 | 0 | 0 | 223000 | 1.50 | 223000 | 0 | 223000 | 1.50 | 0 | 1.50 | 0 | 0.00 | 0 | 0.00 | 0 | |
| | | Jasgold Offshore Services Pvt. Ltd. | 45000 | 0 | 0 | 45000 | 0.30 | 45000 | 0 | 45000 | 0.30 | 0 | 0.30 | 0 | 0.00 | 0 | 0.00 | 0 | |
| | | Hindustan aqua Pvt. Ltd. | 708138 | 0 | 0 | 708138 | 4.76 | 708138 | 0 | 708138 | 4.76 | 0 | 4.76 | 0 | 0.00 | 0 | 0.00 | 0 | |
| | | Indian DurobuildPvt. Ltd | 342800 | 0 | 0 | 342800 | 2.30 | 342800 | 0 | 342800 | 2.30 | 0 | 2.30 | 0 | 0.00 | 0 | 0.00 | 0 | |
| | | SE Finvest Private Limited | 2518570 | 0 | 0 | 2518570 | 16.93 | 2518570 | 0 | 2518570 | 16.93 | 0 | 16.93 | 0 | 0.00 | 0 | 0.00 | 0 | |
| | | KOA Investment Limited | 71870 | 0 | 0 | 71870 | 0.48 | 71870 | 0 | 71870 | 0.48 | 0 | 0.48 | 0 | 0.00 | 0 | 0.00 | 0 | |
| | | Castle Rocks Advisors Pvt. Ltd. | 157060 | 0 | 0 | 157060 | 1.06 | 157060 | 0 | 157060 | 1.06 | 0 | 1.06 | 0 | 0.00 | 0 | 0.00 | 0 | |
| | | K2 InfosolutionsPvt. Ltd. | 181886 | 0 | 0 | 181886 | 1.22 | 181886 | 0 | 181886 | 1.22 | 0 | 1.22 | 0 | 0.00 | 0 | 0.00 | 0 | |
| | | Sub Total (A)(1) | 19 | 14873780 | 0 | 0 | 14873780 | 100.00 | 14873780 | 0 | 14873780 | 100.00 | 0 | 100.00 | 0 | 0 | 3178110 | 21.37 | 0 |
| 2 | | Foreign | | | | | 0.00 | | | | | 0.00 | 0.00 | | 0.00 | | | | |
| | (a) | Individual/Non Resident Individual/Foreign Individual | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | |
| | (b) | Government | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | |
| | (c) | Institutions | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | |
| | (d) | Foreign Portfolio Investor | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | |
| | (e) | Any Other (Specity) | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | |
| | | Sub Total (A)(2) | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | |
| | | Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2) | 19 | 14873780 | 0 | 0 | 14873780 | 100.00 | 14873780 | 0 | 14873780 | 100.00 | 0 | 100.00 | 0 | 0 | 3178110 | 21.37 | 0 |

Note:
1. Details of Shares which remain unclaimed may be given here along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.:
N.A.

| Table III - Statement showing shareholding pattern of the Public shareholder | | | | | | | | | | | | | | | | | | | |
|--|---|-------|----------------------|---|-----------------------------------|---|------------------------|--|--|---------|-------|-------------------------------------|--|--|----------------------------|---------------------------------|--|--|---|
| | Category & Name of the Shareholders | PAN | Nos. of share holder | No. of fully paid up equity shares held | Partly paid-up equity shares held | Nos. of shares underlying Depository Receipts | Total nos. shares held | Share holding % calculated as per SCR, 1957 As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | | | No. of Shares Underlying Outstanding convertible securities (including Warrants) | Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) | Number of Locked in shares | | Number of Shares pledged or otherwise encumbered | | Number of equity shares held in dematerialized form |
| | | | | | | | | | No. of Voting Rights | | | Total as a % of Total Voting rights | | | No. (a) | As a % of total Shares held (b) | No. (Not applicable) (a) | As a % of total shares held (Not applicable) (b) | |
| | | | | | | | | | Class: Equity | Class Y | Total | | | | | | | | |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) = (IV) + (V) + (VI) | (VIII) | (IX) | | | | (X) | (XI) = (VIII) + (X) | (XII) | (XII I) | (XI V) | (XV) | (XV I) | |
| 1 | Institutions | | | | | | | | | | | | | | | | | | |
| (a) | Mutual Fund | N.A. | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (b) | Venture Capital Funds | N.A. | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (c) | Alternate Investment Funds | N.A. | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (d) | Foreign Venture Capital Investor | N.A. | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (e) | Foreign Portfolio Investors | N.A. | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (f) | Financial Institutions/ Banks | N.A. | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (g) | Insurance Companies | N.A. | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (h) | Provident Fund/Pension Funds | N.A. | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (i) | Any Other Specify | N.A. | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Foreign Institutional Investor | | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sub Total (B)(1) | N.A. | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | Central Government/ State Government/ President of India | N.A. | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Central Government/ State Government/ President of India | | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sub Total (B)(2) | N.A. | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | Non-Institutions | | | | | | | | | | | | | | | | | | |
| (a) | 1. Individual Shareholders holding Nominal Share Capital Up to Rs. 2 Lacs | N.A. | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| | 2. Individual Shareholders holding Nominal Share Capital Above Rs. 2 Lacs | N.A. | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |
| (b) | NBFCs Registered with RBI | N.A. | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (c) | Employee Trusts | N.A. | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (d) | Overseas Depositories (Holding DRs) (Balancing Figure) | N.A. | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (e) | Any other - (Body Corporate)(Specify) | N.A. | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 |

| | | | | | | | | | | | | | | | | | | |
|--|---|------|---|---|---|---|---|------|---|---|---|------|---|------|---|---|---|---|
| | Sub Total (B)(3) | N.A. | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 | 0 |
| | Total Public Shareholding (B) = (B)(1)+(B)(2) + B (3) | N.A. | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0 | 0 | 0 |

Note:

1.Details of the shareholders acting as persons in Concert including their Shareholding (No. and %): N.A.

2. Details of Shares which remain unclaimed may be given hear along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.: N.A.

3. Name of the Person has been disclosed in the respective categories in case the shareholder hold 1% or more of total number of shares of the Company

| | Category & Name of the Shareholders | PAN | No. of share holder | No. of fully paid up equity shares held | Partly paid-up equity shares held | Nos. of shares under lying Depository Receipts | Total no. shares held | Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | | No. of Shares Underlying Outstanding convertible securities (including Warrants) | Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) | Number of Locked in shares | | Number of Shares pledged or otherwise encumbered | | Number of equity shares held in dematerialized form (Not Applicable) | |
|-----|--|------|---------------------|---|-----------------------------------|--|---------------------------|--|--|---------|-------|--|--|-------------------------------------|--------|--|----------------------|--|--|
| | | | | | | | | | No of Voting Rights | | | | | Total as a % of Total Voting rights | No. | As a % of total Shares held | No. (Not applicable) | | As a % of total shares held (Not applicable) |
| | | | | | | | | | Class X | Class Y | Total | | | | | | | | |
| | (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) = (IV) + (V) + (VI) | (VIII) | (IX) | | | (X) | (XI) = (VIII) + (X) | (XII) | (XIII) | (XIV) | (XV) | (XVI) | |
| 1 | Custodian/ DR Holder | N.A. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| (a) | Name of DR Holder (if Available) | N.A. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 2 | Employees Benefit Trust (Under SEBI (Share Based Employee Benefit Regulation 2014) | N.A. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| (a) | Name (if Available) | N.A. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | Total Non Promoter Non Public Shareholding (C) = (C)(1)+(C)(2) | N.A. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |

The list of top 10 shareholders of the Company and the number of Equity Shares held by them as on the date of filing this document:

| Sr. No. | Name of Shareholders | Pre-Scheme | | Post-Scheme | |
|---------|--------------------------------|----------------------|-----------|----------------------|-----------|
| | | No. of Equity shares | % Holding | No. of Equity shares | % Holding |
| 1 | SE Finvest Private Limited | 2518570 | 16.93 | 2518570 | 16.93 |
| 2 | Mr. Sanjeev Agrawal | 2430840 | 16.34 | 2430840 | 16.34 |
| 3 | Sanjeev Agarwal HUF | 2417400 | 16.25 | 2417400 | 16.25 |
| 4 | Moon Beverages Limited | 1659242 | 11.16 | 1659242 | 11.16 |
| 5 | Metbrass Plassim India Limited | 1081780 | 7.27 | 1081780 | 7.27 |
| 6 | Mr. Anant Agarwal | 798000 | 5.37 | 798000 | 5.37 |
| 7 | Saptrishi Finance Limited | 707874 | 4.76 | 707874 | 4.76 |
| 8 | Hindustan Aqua Pvt. Ltd. | 708138 | 4.76 | 708138 | 4.76 |
| 9 | Indian Probuild Pvt. Ltd. | 578320 | 3.89 | 578320 | 3.89 |
| 10 | Mrs. Deepti Agrawal | 396000 | 2.66 | 396000 | 2.66 |

Public Shareholders holding more than 1% of the Pre-Scheme & Post-Scheme share capital of the Company: Not Applicable

Detail of Sale & Purchase of shares by the promoter group during last three years from the date of this document:

| Name of Shareholders | Category | No. of Shares subscribed | No. of Shares Purchased | No. of Shares Sold |
|--------------------------------------|---------------------------|--------------------------|-------------------------|--------------------|
| Fortune Industries Resources Limited | Promoter & Promoter Group | | 50000 | 16000 |
| Saptrishi Finance Limited | Promoter & Promoter Group | | 60126 | |
| Metbrass Plassim India Limited | Promoter & Promoter Group | | 200000 | 79000 |
| Moon Beverages Limited | Promoter & Promoter Group | 3891392 | | 2248150 |
| Indian Probuild Pvt. Ltd | Promoter & Promoter Group | | 1143700 | 983180 |
| Hindustan Aqua Pvt. ltd. | Promoter & Promoter Group | 1311808 | | 603670 |
| Indian Durobuild Pvt. Ltd. | Promoter & Promoter Group | | 1694600 | 1351800 |
| SE Finvest Private Limited | Promoter & Promoter Group | 1821840 | 859320 | 162590 |
| KOA Investment Limited | Promoter & Promoter Group | | 805900 | |
| Castle Rocks Advisors Pvt. Ltd. | Promoter & Promoter Group | | 183820 | 26760 |
| K2 Infosolutions Pvt.Ltd. | Promoter & Promoter Group | | 181886 | |

VIII. Group Companies, Subsidiaries and Joint Ventures

Subsidiary: Seamec Limited, ESSEH Turnkey EPC Private Limited and Jasgold Offshore Services Private Limited are the subsidiaries of our Company.

Joint venture: Jasgold Offshore Services private Limited (“Jasgold”), a subsidiary of HAL Offshore Limited (“HAL”) is essentially a joint venture between HAL and Savair Engery Limited (“Savair) based on joint venture agreement between HAL and Savair dated 5th day of March, 2018. HAL holds 70% equity stake in Jasgold while balance 30% equity stake is held by Savair. Further, Net profit and loss including loss in capital ofJasgold after meeting all expenses and necessary charges incurred in carrying out the joint venture project shall be shared by HAL and Savair in the ratio of 70% and 30% respectively.

Other Group Company: Based on the turnover of the group companies (other than the subsidiaries) as per the last audited financial statements , following is the list of the top five group companies:

1. Moon beverages Limited
2. Lumax Builders Private Limited
3. Superior Industrial Enterprises Limited
4. GCB Overseas Private Limited
5. Metbrass Plassim India Limited

There is no group company which has become sick industrial company. Further there is no group company under liquidation or winding-up.

List of companies with negative net-worth as per the last audited financial statements is as below:

1. Emco Apprels Overseas Private Limited
2. ESPL Realtors Private Limited
3. Metro Realcon Private Limited
4. SKG Manganese Private Limited

Particulars of abovementioned subsidiary/Joint Venture/group companies are as below:

| Seamec Limited | | |
|--|---|---------------|
| CIN | L63032MH1986PLC154910 | |
| Date of Incorporation | 29 th December, 1986 | |
| Registered Office | 9 th Floor, A 901 - 905, 215 Atrium Andheri Kurla Road, Andheri East Mumbai Maharashtra-400093 | |
| Business activities | Diving Support Vessel (DSV) based diving services. Utilising in-house owned and operated specialist DSVs, SEAMEC has unrivalled experience in the ongoing subsea inspection, repair, maintenance and light construction required for the efficient and productive support of offshore oil production. | |
| Name of Directors | Mr. Mahesh Prasad Mehrotra, Mr. Surinder Singh Kohli, Mr. Sanjeev Agrawal, Mr. Amarjit Singh Soni, Mrs. Seema Jayesh Modi, Mr. Naveen Mohta, Mr. Subrat Das | |
| Listing Status | Listed at BSE Limited and National Stock Exchange of India Ltd. | |
| Brief financial details as per last audited financial statements for the FY 2017-18 | | |
| | Amount (Rs. In lakh) | |
| Paid-up Equity Shares Capital | 2542.50 | |
| Turnover (Total Income) | 21236.7 | |
| Profit after Tax | 32.5 | |
| Shareholding Pattern | Number of Shares | % |
| Promoters & Promoter's Group | 17687475 | 69.57 |
| Public | 7737525 | 30.43 |
| Total | 25425000 | 100.00 |

| ESSEH Turnkey EPC Private Limited | |
|--|---|
| CIN | U74999MH2018PTC306100 |
| Date of Incorporation | 8 th , March, 2018 |
| Registered Office | C/o Savair Energy Ltd, TTC Indl Area, MIDC Plot No A-564, T/B Road Mahape NAVI MUMBAI Mumbai City MH 400710 IN |
| Business activities | To carry on the business in India or abroad to undertake and execute EPC, turnkey projects (Lumpsum turnkey) and works contracts for Offshore and Onshore Surface Facilities, construction of industrial plants, firefighting systems, utilities for heavy industries electrical & instrumentation, building of roads and infrastructure, installation of plant and machinery with design and engineering of process equipment packages along with installation |

| | | |
|---|--|-------------|
| | and commissioning etc. | |
| Name of Directors | Mr. Saji Antony and Mr. Vineet Saran Agrawal | |
| Listing Status | Unlisted | |
| | | |
| Brief financial details as per last audited financial statements (Not applicable since this is a newly incorporated company) | Amount (Rs. In lakh) | |
| Paid-up Equity Shares Capital | 01.00 | |
| Turnover (Total Income) | NA | |
| Profit after Tax | NA | |
| | | |
| Shareholding Pattern | Number of Shares | % |
| Promoters & Promoter's Group | 10,000 | 100% |
| Public | - | - |
| Total | 10,000 | 100% |

| Jasgold Offshore Private Limited | | |
|--|---|------------|
| CIN | U74999DL1996PTC083541 | |
| Date of Incorporation | 2 nd December, 1996 | |
| Registered Office | G-22/351, Ground Floor Sector-7,Rohini Delhi 110085 | |
| Business activities | To act as agent, consultants, recruiting agency, managing and repairing related to marine services, under water services and to carry on business as Engineering and procurement Contractors. | |
| Name of Directors | Mr. Manoj Jain and Mr. Shilendra Singh Chauhan | |
| Listing Status | Unlisted | |
| | | |
| Brief financial details as per last audited financial statements for the FY 2016-17 | Amount (Rs. In lakh) | |
| Paid-up Equity Shares Capital | 7.90 | |
| Turnover (Total Income) | - | |
| Profit after Tax (Loss) | (0.26) | |
| | | |
| Shareholding Pattern | Number of Shares | % |
| Promoters & Promoter's Group | 79200 | 100% |
| Public | - | - |
| Total | 79200 | 100 |

| Moon Beverages Limited | | |
|--|--|--|
| CIN | U15549DL1987PLC026632 | |
| Date of Incorporation | 09 th January, 1987 | |
| Registered Office | Superior House, 25, Bazar Lane Bengali Market New Delhi-110001 | |
| Business activities | Manufacturing of soft drinks, beverages and mineral water. | |
| Name of Directors | Ms. Divya Mehrotra, Mr. Vijay Kumar Gupta, Mr. Mukesh Aggarwal, Mr. Rajeev Goel, Mr. Krishna Kumar Agarwal | |
| Listing Status | Unlisted | |
| | | |
| Brief financial details as per last audited | Amount (Rs. In lakh) | |

| | | |
|--|-------------------------|---------------|
| financial statements for the FY 2016-17 | | |
| Paid-up Equity Shares Capital | 274.31 | |
| Turnover (Total Income) | 44049.22 | |
| Profit after Tax | 1392.15 | |
| Shareholding Pattern | | |
| | Number of Shares | % |
| Promoters & Promoter's Group | 2441860 | 89.02 |
| Public | 301250 | 10.98 |
| Total | 2743110 | 100.00 |

| | | |
|--|---|---------------|
| Lumax Builders Private Limited | | |
| CIN | U70101DL1996PTC079321 | |
| Date of Incorporation | 30 th May, 1996 | |
| Registered Office | 25 Bazar Lane, Bengali Market, New Delhi-110001 | |
| Business activities | Construction and Development | |
| Name of Directors | Mr. Sanjeev Agrawal, Mr. Prince Goyal | |
| Listing Status | Unlisted | |
| Brief financial details as per last audited financial statements for the FY 2016-17 | | |
| | Amount (Rs. In lakh) | |
| Paid-up Equity Shares Capital | 25.51 | |
| Turnover (Total Income) | 571.68 | |
| Profit after Tax | 15.30 | |
| Shareholding Pattern | | |
| | Number of Shares | % |
| Promoters & Promoter's Group | 250150 | 98.04 |
| Public | 5000 | 1.96 |
| Total | 255150 | 100.00 |

| | | |
|--|---|---------------|
| Superior Industrial Enterprises Limited | | |
| CIN | L15142DL1991PLC046469 | |
| Date of Incorporation | 25 th November, 1991 | |
| Registered Office | 25 Bazar Lane, Bengali Market, New Delhi-110001 | |
| Business activities | Manufacturing of Corrugated Boxes | |
| Name of Directors | Ms. Divya Mehrotra, Mr. Vijay Kumar Gupta, Mr. Kamal Agarwal, Mr. Krishna Kumar Agarwal | |
| Listing Status | Listed at BSE Limited | |
| Brief financial details as per last audited financial statements for the FY 2017-18 | | |
| | Amount (Rs. In lakh) | |
| Paid-up Equity Shares Capital | 1385.00 | |
| Turnover (Total Income) | 318.90 | |
| Profit after Tax | (09.00) | |
| Shareholding Pattern | | |
| | Number of Shares | % |
| Promoters & Promoter's Group | 6530536 | 47.15 |
| Public | 7319464 | 52.85 |
| Total | 13850000 | 100.00 |

| GCB Overseas Private Limited | | |
|--|--|------------|
| CIN | U74899DL2001PTC109786 | |
| Date of Incorporation | 23 rd February, 2001 | |
| Registered Office | 15, Central Lane Bengali, Market, New-Delhi-110001 | |
| Business activities | Hospitality Business | |
| Name of Directors | Mr. Rajeev Goel, Mr. Anant Agarwal | |
| Listing Status | Unlisted | |
| Brief financial details as per last audited financial statements for the FY 2017-18 | Amount (Rs. In lakh) | |
| Paid-up Equity Shares Capital | 149.77 | |
| Turnover (Total Income) | 140.83 | |
| Profit after Tax | 75.51 | |
| Shareholding Pattern | Number of Shares | % |
| Promoters & Promoter's Group | 14,97,700 | 100 |
| Public | 0 | 0 |
| Total | 14,97,700 | 100 |

| Metbrass Plassim India Limited | | |
|--|--|--------------|
| CIN | U10100DL1986PLC025522 | |
| Date of Incorporation | 22 nd September, 1986 | |
| Registered Office | 25, Bazar Lane, Bangali Market, New-Delhi-110001 | |
| Business activities | Trading Business | |
| Name of Directors | Mr. Sanjeev Agrawal, Mr. Mukesh Aggarwal, Mr. Rashmi Kant Mittal | |
| Listing Status | Unlisted | |
| Brief financial details as per last audited financial statements for the FY 2017-18 | Amount (Rs. In lakh) | |
| Paid-up Equity Shares Capital | 177.21 | |
| Turnover (Total Income) | 29.25 | |
| Profit after Tax | 25.61 | |
| Shareholding Pattern | Number of Shares | % |
| Promoters & Promoter's Group | 9,90,785 | 55.91 |
| Public | 7,81,285 | 44.09 |
| Total | 17,72,070 | 100.0 |

Group Companies having negative net-worth

| EMCO Apprels Overseas Private Limited | |
|--|--|
| CIN | U74899DL2005PTC142412 |
| Date of Incorporation | 9 th November, 2005 |
| Registered Office | 25, Bazar Lane, Bangali Market, New-Delhi-110001 |
| Business activities | Apprels and Textiles, Export and Import |
| Name of Directors | Mr. Raman Kumar Mittal, Mr. Anurag Agarwal |
| Listing Status | Unlisted |
| Brief financial details as per last audited financial statements for the FY 2016-17 | Amount (Rs. In lakh) |

| | | |
|-------------------------------|-------------------------|---------------|
| Paid-up Equity Shares Capital | 1.00 | |
| Turnover (Total Income) | 0.00 | |
| Profit after Tax | (0.18) | |
| | | |
| Shareholding Pattern | Number of Shares | % |
| Promoters & Promoter's Group | 10000 | 100.00 |
| Public | 0 | 0 |
| Total | 10000 | 100.00 |

| | | |
|--|--|---------------|
| ESPL Realtors Private Limited | | |
| CIN | U70101DL2005PTC140882 | |
| Date of Incorporation | 16 th September, 2005 | |
| Registered Office | 25, Bazar Lane, Bangali Market, New-Delhi-110001 | |
| Business activities | Real State Activities | |
| Name of Directors | Mr. Prince Goyal, Mrs. Deepti Agrawal | |
| Listing Status | Unlisted | |
| | | |
| Brief financial details as per last audited financial statements for the FY 2016-17 | Amount (Rs. In lakh) | |
| Paid-up Equity Shares Capital | 1.00 | |
| Turnover (Total Income) | 0.00 | |
| Profit after Tax | (0.14) | |
| | | |
| Shareholding Pattern | Number of Shares | % |
| Promoters & Promoter's Group | 10000 | 100.00 |
| Public | 0 | 0 |
| Total | 10000 | 100.00 |

| | | |
|--|--|------------|
| Metro Realcon Private Limited | | |
| CIN | U70109DL2006PTC152580 | |
| Date of Incorporation | 26 th August, 2006 | |
| Registered Office | 25, Bazar Lane, Bangali Market, New-Delhi-110001 | |
| Business activities | Real estate Activities with Own or Leased property | |
| Name of Directors | Mr. Raman Kumar Mittal, Mr. Anurag Agarwal | |
| Listing Status | Unlisted | |
| | | |
| Brief financial details as per last audited financial statements for the FY 2016-17 | Amount (Rs. In lakh) | |
| Paid-up Equity Shares Capital | 1.00 | |
| Turnover (Total Income) | 0 | |
| Profit after Tax | (0.15) | |
| | | |
| Shareholding Pattern | Number of Shares | % |
| Promoters & Promoter's Group | 10000 | 100 |
| Public | - | - |
| Total | 10000 | 100 |

| | | |
|--------------------------------------|--|--|
| SKG Manganese Private Limited | | |
| CIN | U45400DL2008PTC172185 | |
| Date of Incorporation | 02 nd January 2008 | |
| Registered Office | 25, Bazar Lane, Bangali Market, New-Delhi-110001 | |
| Business activities | | |
| Name of Directors | Mr. Mukesh Aggarwal, Mr. Prashant Pathak | |

| | | |
|--|-------------------------|------------|
| Listing Status | Unlisted | |
| Brief financial details as per last audited financial statements for the FY 2016-17 | Amount (Rs. In lakh) | |
| Paid-up Equity Shares Capital | 1 | |
| Turnover (Total Income) | 0 | |
| Profit after Tax | (0.27) | |
| Shareholding Pattern | Number of Shares | % |
| Promoters & Promoter's Group | 10000 | 100 |
| Public | - | - |
| Total | 10000 | 100 |

IX. Details of Material Penal Actions/ Litigations

- a) As on the date of this Abridged Prospectus, the details of total number of outstanding litigations against the Company and amount involved:

(Rs In Lakhs)

| Nature of litigations | Number of cases | Amount involved |
|-----------------------------|-----------------|-----------------|
| Civil litigations | 1 | 208.20 |
| Criminal Litigations | Nil | Nil |
| Tax Litigations | 9 | 7696.69 |
| Other litigations | Nil | Nil |

- b) Brief details of the top five litigations against the Company and amount involved

(Rs In Lakhs)

| Sr. No. | Particulars | Litigations filed by | Current status | Amount involved |
|---------|---|---|--|-----------------|
| 1 | Custom Duty Proceedings | Custom Department (central Board of Excise and Custom) | pending before Hon'ble Supreme Court | 1877.30 |
| 2 | Civil Litigation | ARC Marine Pvt. Ltd. | hearing in Thane Court is Going On | 208.20 |
| 3 | Service Tax hearing with CESTAT | CESTAT has passed an order in favour of the Company and accordingly demand has been quashed | Department (Director General of the Central Excise Intelligence) may prefer appeal in the higher Court against the Order | 5096.77 |
| 4 | Service Tax hearing with CESTAT | Commissioner of Service Tax | Pending Before Additional Commissioner of Service Tax | 361.24 |
| 5 | Income Tax Proceedings for AY 2011-12 & 2012-13 | Income Tax Authority | Pending Before ITAT | 35.90 |

- c) **Regulatory action, if any, - disciplinary action taken by SEBI or stock exchange against the promoter, group companies in the last five years including outstanding actions:** There is no Regulatory action, if any, - disciplinary action taken by SEBI or stock exchange against the Company, its promoter or promoter group or group companies in the last five years including outstanding actions except the following:

- One of the group company namely Superior Industrial Enterprises Limited, which is listed at BSE has been suspended for trading by BSE for Surveillance Measure vide as per BSE notice

No. 20160328-15 dated 28th March, 2016 read with BSE notice no. 20151218-25 dated 18th December, 2015, BSE Notice no. 20160115-8 dated 15th January, 2016 and BSE Notice No. 20160304-28 dated 4th March, 2016. However no action or order has been passed by BSE or SEBI against Superior Industrial Enterprises Limited or any other promoter group entity. The company has since then filed all replies against queries raised. The Company has already applied for revocation of suspension of trading

d) Brief details of outstanding legal proceedings against the promoters:

| Sr. No. | Particulars | Litigations filed by | Current status | Amount involved (Rs. In lakhs) |
|---------|------------------|---------------------------------|--------------------------------------|--------------------------------|
| 1 | Civil Litigation | Indus Marine Pvt. Ltd. | Hearing is going on in Thane Court | 208.20 |
| 2 | Custom penalty | Commissioner of Custom (Import) | pending before Hon'ble Supreme Court | 50.00 |

X. Details of Material Related Party Transactions

| Particulars | Details |
|--|--|
| Name (s) of the related party & nature of relationship | Seamec Limited (Subsidiary of the Company) |
| Nature of contracts/ arrangements/ transaction | One Vessel Hired from Seamec Limited on lease basis for a period of three years from 27 th September, 2016 to 27 th September, 2019 at a consideration of US \$ 30540 per day. |

| Particulars | Details |
|--|--|
| Name (s) of the related party & nature of relationship | Aarey Organic Industries Private Limited (common Directorship of Mr. Vineet Saran Agrawal and Kamal Narayan Rathi) |
| Nature of contracts/ arrangements/ transaction | Lease Agreement for taking on lease its premises in Pawane for the purpose of workshop of the Company for 3 Years at monthly rent of Rs. 6,00,000 (Six Lakh) |

XI. Details and reasons for non-deployment or delay in deployment of proceeds or changes in utilization of issue proceeds of past issues in the proceeding 10 years: Not applicable

XII. Business Model/ Business Overview and Strategy

HAL Offshore Limited 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 to the Mumbai High area undertaking diving, fire-fighting, material support, accommodation, crane, helipad and other ancillary activities.

Over the years the Company has developed a diversified portfolio for undertaking turnkey projects involving sub-sea and marine services as an EPC contractor. These services are certified by independent agencies like American Bureau of Shipping (ABS), DNV, and LR as per requirement of the client.

Recently, the Company has also diversified in Onshore EPC contracts for processing of Natural Gas in Tamil Nadu, erection, installation and Operation & maintenance of ETP plants in Assam and erection and installation of GGS cum CTF (Group Gathering Stations Cum Central Tank Farm) in Gujarat.

The Company has now become an oil and gas service operator catering to the complete needs of both Offshore and Onshore requirement of all Oil and Gas Major in India, especially ONGC, Oil India and Cairns.

The Company has also made Long term investments in real estate, shares and other securities. The Company has, over the years, built up an impressive portfolio of securities investment. Hence, the Company has two distinct businesses, viz., EPC & Vessel Division and Investment Division.

It is proposed to demerge the EPC & Vessel Division of the Company into Seamec Limited.

XIII. Financial Information

Summary Statement of Assets and Liabilities

(Rs. In Million)

| Particulars | For the year ended March, 31, 2014 | For the year ended March, 31, 2015 | For the year ended March, 31, 2016 | For the year ended March, 31, 2017 | For the year ended March, 31, 2018 |
|--------------------------------|---|---|---|---|---|
| EQUITY AND LIABILITIES | | | | | |
| Shareholder's Fund | | | | | |
| Share Capital | 105.94 | 190.69 | 190.69 | 190.69 | 148.74 |
| Reserves and Surplus | 896.61 | 1657.37 | 1797.43 | 2281.57 | 2638.26 |
| Non-Current Liabilities | | | | | |
| Long Term Borrowing | 0.36 | 2341.80 | 2108.80 | 1810.17 | 1620.88 |
| Other Long Term Liabilities | - | - | - | - | - |
| Long-term Provision | - | - | - | 17.36 | 20.38 |
| Deferred Tax liabilities (Net) | - | 2.66 | 2.84 | 164.19 | 41.40 |
| Current Liabilities | | | | | |
| Short term borrowings | 634.86 | 159.78 | 520.12 | 307.12 | 322.91 |
| Trade Payables | 677.73 | 765.62 | 177.93 | 701.40 | 664.25 |
| Other Current liabilities | 104.08 | 448.73 | 115.13 | 30.53 | 61.72 |
| Other Financial Liabilities | - | - | - | 453.15 | 541.90 |
| Provisions | 94.25 | 134.25 | 196.25 | 0.46 | 0.53 |
| Total | 2513.83 | 5700.92 | 5109.21 | 5956.64 | 6060.96 |
| Assets | | | | | |
| Non-current Asset | | | | | |
| Fixed Asset | | | | | |
| -Tangible assets | 587.50 | 522.47 | 434.75 | 986.86 | 657.07 |
| -intangible assets | - | - | - | - | - |
| -Capital Work in Progress | | | 201.14 | | - |
| Investment | 134.48 | - | 102.00 | 1810.27 | 1760.55 |
| Bank Balances | - | - | - | 748.67 | 616.77 |
| Other Non current assets | - | - | - | 294.00 | 723.19 |
| Long Term Loans and Advances | 7.6 | 11.55 | 10.31 | 9.05 | 8.35 |
| Current Assets | | | | | |
| Inventories | - | 2494.49 | 1522.19 | 2.26 | 3.01 |
| Investment | - | - | 301.08 | 338.46 | 360.23 |
| Trade Receivables | 497.27 | 723.09 | 387.30 | 822.86 | 874.02 |
| Cash and Cash Equivalents | 538.81 | 713.30 | 880.52 | 138.12 | 432.53 |
| Other Financial assets | - | - | - | 477.38 | 54.69 |

| | | | | | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|
| Short-term loans and advances | 500.45 | 932.33 | 897.11 | 0.56 | 0.32 |
| Current Tax Assets (Net) | - | - | - | 24.69 | 128.26 |
| Other current assets | 247.72 | 303.67 | 372.78 | 303.45 | 441.96 |
| Total | 2513.83 | 5700.92 | 5109.21 | 5956.64 | 6060.96 |

Summary statement of profit and loss Account:

(Rs. In Million)

| Particulars | For the year ended March, 31, 2014 | For the year ended March, 31, 2015 | For the year ended March, 31, 2016 | For the year ended March, 31, 2017 | For the year ended March, 31, 2018 |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| INCOME | | | | | |
| Revenue from Operation | 3371.85 | 3663.80 | 3517.63 | 3567.60 | 3911.66 |
| Other Income | 55.27 | 58.56 | 78.86 | 231.65 | 184.63 |
| TOTAL | 3427.12 | 3722.37 | 3596.50 | 3799.25 | 4096.29 |
| EXPENDITURE | | | | | |
| Cost of Material consumed/ Purchased | 530.20 | 1445.97 | 798.85 | - | - |
| Cost of Services Provided/project expenses | 2360.03 | 1545.56 | 859.77 | - | - |
| Purchase from Stock in trade | - | - | - | 40.29 | - |
| Cost of Share | - | - | 1113.92 | - | - |
| Operating expenses | - | - | - | 1971.32 | 2362.49 |
| Employee benefit expenses | 91.33 | 93.80 | 94.22 | 182.63 | 194.49 |
| Finance cost | 136.11 | 322.42 | 335.73 | 151.35 | 125.70 |
| Depreciation and amortization | 133.22 | 102.58 | 90.28 | 384.55 | 339.93 |
| Other expenses | 54.89 | 86.09 | 101.49 | 290.83 | 332.79 |
| Total | 3305.80 | 3596.42 | 3394.27 | 3020.97 | 3355.40 |
| | | | | | |
| Profit before tax and Prior period items | 121.32 | 125.94 | 202.23 | 778.28 | 740.89 |
| Prior period items | - | - | - | - | - |
| Profit Before tax | 121.32 | 125.94 | 202.23 | 778.28 | 740.89 |
| Less: Tax expenses | | | | | |
| -current Tax | 41.25 | 40.00 | 62.00 | 166.72 | 71.80 |
| -Deferred Tax | - | 2.66 | 0.18 | 122.81 | (124.04) |
| -Tax of Earlier Years | | | | - | |
| Profit/ Loss after tax | 80.07 | 83.28 | 140.05 | 488.75 | 793.14 |
| Earning per Equity shares | | | | | |
| -Basic | 7.56 | 4.37 | 7.34 | 26.15 | 53.60 |
| -Diluted | 7.56 | 4.37 | 7.34 | 26.15 | 53.60 |
| | | | | | |

Material Development: details of material development after the date of the latest balance sheet as on 31st March, 2018 and its impact on performance and prospects of the Company is as below:

a) ASP Viraj: (ONGC)

On 14th Day of June, 2018 a contract was awarded by Oil and Natural Gas Corporation Limited for engineering, procurement, inspection, painting etc. & other associated works and 72 hours Performance Gaurantee Test Run for “Field wide implementation of ASP (Alkaline Surfactant Polymer) injection at Viraj, Ahmedabad Asset” at a total lump sum contract value of Rs. 38.34 Crores.

b) Protective Coating of Wellhead Platforms Project-1: (ONGC)

A contract awarded by Oil and Natural Gas Corporation Limited on consortium of M/s HAL Offshore Limited- DOLPHIN Offshore Enterprises (I) Limited- JK Surface Coatings Pvt. Limited, for protective coating of wellhead platforms Project-1 with the scope of work and on the terms and conditions as detailed in the Bidding Contract at a total Lump Sum price of Rs. 154.03 Crore. Company share of consortium being 40% of total contract Price Rs. 61.61 Crores.

Aggregate number of shares for Capitalization of Reserves or profits in the last 5 years: There has been no capitalization of reserves or profits in the last 5 years

Revaluation of Assets in the last 5 years: There has been no revaluation of assets during the last 5 years.

Change in auditors during the last three year

| Name of Auditor | Date of Appointment | Reasons for Change |
|-----------------------|----------------------------------|--|
| M/s GAMS & Associates | 30 th September, 2017 | Due to completion of period of Audit of previous Auditor |

Share capital and related information as on the date of the Abridged Prospectus, in set forth as below:

| Particulars | Rs. In Crores |
|---|---------------|
| Authorized Share Capital | |
| 25000000 Equity Shares of face value Rs. 10 each | 25.00 |
| Issued, Subscribed And Paid-Up Share Capital | |
| 14873780 Equity Shares of face value Rs. 10 each | 14.87 |

Details of any outstanding convertible instruments (including convertible warrants): Nil

XIV. Object of the Scheme of Arrangement

That the circumstances which justify and/or necessitate the proposed de-merger of EPC & Vessel Division of HAL Offshore Ltd into Seamec Ltd and the Scheme of Arrangement are, inter alia, as follows:

- a. The Resulting Company is a subsidiary of the Demerged Company. The proposed demerger of EPC & Vessel Division of HAL Offshore Ltd into Seamec Ltd would result in business synergy, consolidation of entire vessel charter business of both the Companies into the Listed Resulting Company, pooling off the resources of these Companies and would enable the Resulting Company to diversify into lucrative EPC Business.
- b. The Demerged Company/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. Over the years HAL has developed a diversified portfolio for undertaking turnkey projects involving sub-sea and marine services as an EPC contractor. These services are certified by independent agencies like American Bureau of Shipping (ABS), DNV, and LR as per requirement of the client. HAL has also diversified in Onshore EPC contracts for processing of Natural Gas in Tamil Nadu, erection and installation of ETP plants in Assam, erection and installation of GGS cum CTF (Group Gathering Stations Cum Central Tank Farm) in Gujarat. The Demerged Company has now become an oil and gas service operator catering to the complete needs of both Offshore and

Onshore requirement of all Oil and Gas Major in India, especially ONGC, Oil India and Cairns. The Demerged Company has also made investments in real estate, shares and other securities. The Company has, over the years, built up an impressive portfolio of real estate and securities. Hence, the Demerged Company has two distinct businesses, viz., EPC & Vessel Division and Investment Division.

- c.** The Resulting Company/Seamec is one of the 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. Seamec has unrivalled experience in the ongoing subsea inspection, repair, maintenance and light construction required for the efficient and productive support of offshore oil production. Seamec has made its presence felt in Middle East, South East Asia, West Africa and Gulf of Mexico. Seamec's area of activities also extended to execution of many underwater diving projects with Oil companies and Contractors across the globe. Seamec vessels are ISPS certified and follow the best practices. They are equipped with fire-fighting and pollution prevention equipment's which are certified by International and Indian certification authority.
- d.** As mentioned above, 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 the Resulting Company is primarily engaged in chartering and operation of diving support and utility vessels 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 business of the Demerged Company will also be vested into the Resulting Company.
- e.** The proposed de-merger will enable the 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.
- f.** It will impart better management focus, will facilitate administrative convenience and will ensure optimum utilization of manpower and various other resources by these Companies.
- g.** The proposed de-merger 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.
- h.** Shareholders of the listed Resulting Company are expected to have better prospects with regard to return and appreciation on their investments in the Resulting Company. Post Scheme, the Resulting Company will be able to augment resources at better terms.
- i.** The proposed De-merger will have beneficial impact on the Demerged Company and the Resulting Company, their employees, shareholders and other stakeholders and all concerned.
- j.** With a view to achieve greater management focus and keeping in mind the paramount and overall interest of the shareholders, the Board of Directors of the Demerged Company and the Resulting Company considered that a Scheme of Arrangement for De-merger would be the most appropriate methodology.

Declaration:

We hereby declare that all the relevant provisions of the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended and Part D of Schedule VIII of the SEBI (ICDR) Regulations, 2009, to the extent applicable, has been complied and no statement made in this document is contrary to the provisions to the said SEBI Circular and SEBI Regulations. We further certify that all statements in this document are true and correct.

For **HAL Offshore Limited**

Naveen Mohta
Whole Time Director

Date: 13.08.2018

Place: New Delhi



TURNAROUND CORPORATE ADVISORS PRIVATE LIMITED

A SEBI Registered Category-I Merchant Banker

Date: August 13, 2018

Ref: TCA/HAL-Seamec/ AP2/18-19

To,
The Board of Directors
HAL Offshore Limited
4 Wing B/Plot No. 32, Corporate Avenue Premises,
Off Mahakali Caves Road, Village Gundavali Paper Box,
Mumbai Maharashtra-400093

Sub: Certificate on adequacy and accuracy of disclosure of information in the Abridged Prospectus of HAL Offshore Limited in compliance with SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 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

Dear Sirs,

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 HAL Offshore Limited having its registered office at 4 Wing B/Plot No. 32, Corporate Avenue Premises, Off Mahakali Caves Road, Village Gundavali Paper Box, Mumbai Maharashtra-400093 ("**Demerged Company**" or "**HAL**") for the purpose of certifying the adequacy and accuracy of disclosure of information provided in its Abridged Prospectus in connection with the proposed demerger of EPC & Vessel Division of HAL ("**Demerged Undertaking**") from HAL and its consequent vesting into 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**") under a proposed Scheme of Demerger under Sections 230 to 232 of Companies Act, 2013 ("hereinafter referred to as the "**Proposed Demerger**").

2. 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.



3. Scope and Purpose of the Certificate

SEBI vide Circular no. CFD/ DIL3/ CIR/2017/21 dated March 10, 2017 (“SEBI Circular”) inter-alia prescribed that the listed entity (in the present case “Seamec”) shall include the applicable information pertaining to the unlisted entity/ies involved in the scheme (in the present case, “HAL”) in the format specified for abridged prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“ICDR Regulations”), in the explanatory statement or notice or proposal accompanying resolution to be passed, sent to the shareholders while seeking approval of the scheme. SEBI Circular further prescribes that the accuracy and adequacy of such disclosures shall be certified by a SEBI Registered Merchant Banker after following the due diligence process.

This certificate is being issued in compliance of above mentioned requirement under the SEBI Circular.

This certificate 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.

4. Certification:

We state and confirm as follows:

1. We have examined various documents and other materials made available to us in by the management of HAL in connection with finalization of Abridged Prospectus dated August 13, 2018 pertaining to HAL which will be circulated to the members of HAL and/or Seamec at the time of seeking their consent to the proposed Scheme of Arrangement between HAL and Seamec as a part of explanatory statement to the notice.
2. On the basis of such examination and the discussion with the management of HAL, we confirm that :
 - A. The information contained in the Abridged Prospectus is in conformity with the relevant documents, materials and other papers related to HAL.
 - B. The Abridged Prospectus contains applicable information pertaining to HAL as required in terms of SEBI Circular which, in our view is fair, adequate and accurate to enable the members to make an informed decision on the Proposed Demerger.

5. Disclaimer:

Our scope of work did not include the following:-

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



TURNAROUND CORPORATE ADVISORS PRIVATE LIMITED

A SEBI Registered Category-I Merchant Banker

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 HAL.

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

We understand that the management of HAL during our discussions with them would have drawn our attention to all such information and matters, which may have impact on our Certificate.

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

The management of HAL, Seamec 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 certificate available to any party other than those required by statute for carrying out the limited purpose of this certificate. Our certificate is not, nor should it be constructed as our opinion or certification of the the compliance of the proposed Scheme of Demerger with the provision of any law including Companies Act, taxation laws, capital market laws and related laws.

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 MUKERJEA)
Managing Director