

REPORT OF AUDIT COMMITTEE OF SEAMEC LIMITED RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN HAL OFFSHORE LIMITED AND SEAMEC LIMITED

This Report of the Audit Committee is issued in terms of SEBI Circular No. CFD/DIL3/CIR/2017/21 (Annexure 1(2) (c)) dated March 10, 2017. The requirements of the said SEBI circular, inter alia, makes it mandatory for the Audit Committee of the listed company to recommend the draft Scheme of Arrangement.

A meeting of the Audit Committee of Seamec Limited was held on November 14, 2017, inter-alia, to consider and recommend the proposed scheme of demerger of EPC & Vessel Division of HAL Offshore Limited (the Demerged Company) into Seamec Limited (the Resulting Company) including the Report on Valuation of Shares and Share Swap Ratio for the aforesaid Demerger and other related matters.

The aforesaid Audit Committee meeting was attended by the following Committee members:

1. Mr. Mahesh Prasad Mehrotra, Independent Director (Chairman)
2. Mr. Surinder Singh Kohil, Independent Director
3. Ms. Seema Modi, Independent Director

Mr. S N Mohanty, President – Corporate Affairs, Legal & Company Secretary of the Company was also in present as Secretary to the Audit Committee. Mr. Mahesh Prasad Mehrotra, Chairman of the Audit Committee chaired the aforesaid Audit Committee Meeting.

The following documents were placed before the Audit Committee :

1. Draft Scheme of Demerger of EPC & Vessel Division of HAL Offshore Limited into Seamec Limited; inter alia, containing Rationale/Justification for the proposed Demerger ; and,
2. Pre-demerger Shareholding Pattern of HAL Offshore Limited and Pre & Post Demerger Shareholding Pattern of Seamec Limited.
3. Report dated November 14, 2017 on recommendation of the Share Swap Ratio for the purpose of proposed demerger of EPC & Vessel Division of HAL Offshore Limited into Seamec Limited issued by M/s. Khandelia & Sharma, Chartered Accountants;
4. Fairness Opinion dated November 14, 2017 on the valuation of shares and share swap ratio issued by M/s. Turnaround Corporate Advisors Private Limited (a Category – I Merchant Banker registered with the SEBI);

The Committee reviewed the aforesaid documents and after consideration of the same, the Audit Committee was satisfied with the valuation and the proposed Share Swap Ratio and finds the proposed swap ratio (as mentioned below), to be fair and reasonable relying on the opinion of above merchant banker (Supra-4):

1. 10 (ten) Equity Share of Rs. 10.00 each of Seamec Limited to be issued to all the Equity Shareholders of HAL Offshore Limited for every 30 (thirty) Equity Shares held in HAL Offshore Limited; and,

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2. 99 (ninety nine) 6% Non-cumulative Compulsorily Redeemable Preference Shares of Rs. 10.00 each of Seamec Limited to be issued to all the Equity Shareholders of HAL Offshore Limited for every 30 (thirty) Equity Shares held in HAL Offshore Limited.

The Committee also confirmed its concurrence with the rationale for proposed demerger of EPC & Vessel Division of HAL Offshore Limited into Seamec Limited.

The Audit Committee unanimously agreed to recommend the Scheme of Arrangement for Demerger of EPC & Vessel division of HAL Offshore Limited into SEAMEC Limited to the Board of Directors of the Company for further consideration, inter alia, in pursuance with the requirement of Stock Exchanges, SEBI and other regulatory authorities including National Company Law Tribunal.

**By Order of the Audit Committee
For and on Behalf of Seamec Limited**

M.P. Mehrotra
Mahesh Prasad Mehrotra
Chairman
(Audit Committee)



Date: 14th November, 2017
Place: New Delhi