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SEBI REGN. NO. INM 000010163

Strictly Private & Confidential

Dated: March 28, 2022

The Board of Directors/ Members of the Audit Committee,

HAL Offshore Ltd

25, Bazar Lane, Bengali Market

New Delhi- 110001

The Board of Directors/ Members of the Audit Committee,

Seamec Limited

A-901-905, 9th Floor, 215 Atrium,

Andheri – Kurla Road, Andheri (East),

Mumbai – 400093, India

Dear Sir,

Reg: Fairness Opinion on Share Swap Ratio for the proposed Demerger of Marine, EPC and other ancillary business of HAL Offshore Limited into Seamec Limited issued by CA Ritu Sarin, IBBI Registered Valuer dated March 28, 2022

We refer to the request made by the management of Seamec Limited [CIN: L63032MH1986PLC154910] (hereinafter referred to as “**Seamec**” or “**Resulting Company**”) and HAL Offshore Ltd [CIN: U24298DL1996PLC375526] (hereinafter referred to as “**HAL**” or “**Demerged Company**”) (together referred as “**Companies**”) as for the purpose of arriving at a



Fairness Opinion on the Valuation Report dated March 28, 2022 ("**Valuation Report**") issued by CA Ritu Sarin, IBBI Registered Valuer - Securities or Financial Assets (the "**Valuer**") for recommendation of share swap ratio in connection with the proposed scheme of Arrangement for Demerger (hereinafter referred to as "**Scheme/draft Scheme**") of Marine, EPC and other ancillary business of HAL Offshore Limited into Seamec Limited as per the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules and regulations made thereunder.

With reference to the above, Fedex Securities Private Limited ("**Fedex**") has been appointed as Merchant Bankers by the management of the Companies to provide a Fairness Opinion on the Valuation Report issued by the Valuer pursuant to the Scheme for recommendation of share swap ratio.

Company Background and Purpose

1. HAL Offshore Limited (hereinafter referred to as "**HAL**" or "**Demerged Company**")

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

HAL is a leading 'End to End' Solution Provider of Underwater Services and EPC Services to the Indian Oil and Gas Industry. The Company is also engaged in Charter Hire of Diving Support Vessels (DSV) to the Mumbai High area undertaking diving, firefighting, material support, accommodation, crane, helipad, operation and maintenance of ONGC Vessels, painting of offshore platforms and other ancillary activities. Over the years, HAL Offshore has developed a diversified portfolio for undertaking turnkey projects involving sub-sea and marine services. Further, the Company is also a leading Indian EPC (Engineering, Procurement and Construction) Company, primarily serving the Oil and Gas Sector.



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For over a decade, HAL Offshore has executed Greenfield and Brownfield Projects for ONGC Ltd and Oil India Ltd. The projects are executed on LSTK (lumpsum turnkey) basis involving design, engineering, procurement, fabrication, transportation, hook-up, testing, certification/inspection, pre-commissioning, start-up, commissioning and long-term operation & maintenance of executed projects. Projects executed include Gas Gathering Stations, Gas Compression Stations, Oil Processing Facilities, Alkaline Surfactant Polymer Injection Facilities, Effluent Treatment Plants, Water Injection Plants at various assets of ONGC Ltd and Oil India Ltd. The Demerged Company has also made investments in real estate, shares and other securities. Over the years, the Company has built up an impressive portfolio of securities investments. Hence, the Demerged Company has two distinct business verticals-Marine & EPC Business; and Investment Business.

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

2. **Seamec Limited** (hereinafter referred to as “**Seamec**” or “**Resulting Company**”)

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

SEAMEC is one of the largest providers of Diving Support Vessels in the Asia Pacific Region having a Fleet of Four Diving Support Vessels, One Barge and One Handy Max Bulk Carrier. The Company has unrivalled experience in the ongoing sub-sea inspection, repair, maintenance and light construction, required for the efficient and productive support of offshore oil production which are carried out by its diving support vessels in India and Overseas. Seamec, historically, has made its presence felt in Middle East, Southeast Asia, West Africa and Gulf of Mexico in the areas of execution of many underwater diving projects with Oil Companies and Contractors across the Globe. In India, Seamec has the reputation of prominent provider of diving support vessels. Seamec’s Vessels are ISPS Certified and follow the best practices. They are equipped with pollution prevention equipments which are certified by Indian Certification Authorities. The Company owns one no. of Bulk Carrier while



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its subsidiaries in UAE owns three no. of Bulk Carriers. The above fleet are operated in worldwide trading. The Resulting Company has also set up a subsidiary for the purpose of undertaking EPC Construction and Turnkey Tunnel projects, a new line of business.

Shareholding pattern of Seamec as is as follows-

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

The Management has decided to demerge the “Marine, EPC and other ancillary business” (Demerged Business) of the Demerged Company into the Resulting Company.

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

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

The Valuer has been appointed to determine the fair value of the equity shares of Seamec and HAL as at report date and recommend on the proposed share swap ratio on relative basis. In this connection, the management of Companies has requested us to examine the Valuation Report issued by the Valuer and other related information provided by the Company and issue our independent opinion as to the fairness of the Share Swap Ratio (“**Fairness Opinion**”) as per the requirement SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “**Listing Regulations**”) read with SEBI Master Circular SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021.

All terms not specifically defined in this Fairness Opinion shall carry the same meaning as in the Proposed Scheme.

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Brief Background of the Proposed Scheme

- The Resulting Company is a subsidiary of the Demerged Company. The proposed demerger of Marine, EPC and other ancillary business of HAL Offshore Ltd into Seamec Limited which 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 EPC Business.
- The Demerged Company is engaged in the business of charter hire of diving and utility vessels operating in Offshore oilfield along with Offshore and Onshore turnkey projects as EPC Contractor whereas Resulting Company is primarily engaged in chartering, operation of diving support, utility vessels and barge operating in offshore oilfield. The Management has decided to consolidate the vessel charter and other related business of both these Companies into the Resulting Company. In addition, EPC and other ancillary business of the Demerged Company will also be vested into Resulting Company.
- The proposed demerger will enable listed Resulting Company to attain healthy economic state encompassed with higher turnovers and better margins. The Scheme will enable the Resulting Company to build up portfolio of several related business activities/services having better growth opportunities. It will also act as a hedging strategy against the business uncertainties with diversified portfolio of services.
- It will impart better management focus, will facilitate administrative convenience, and will ensure optimum utilization of manpower and various other resources by these Companies.
- The proposed demerger will provide scope for independent expansion of various businesses. It will strengthen, consolidate and stabilize the business of these Companies and will facilitate further expansion and growth of their business.

Source of Information

For the said examination and for arriving at the opinion set forth below, we have received:

1. Valuation Report issued by the Valuer
2. Audited financial statements of Seamec Ltd for the year ended March 31, 2021 and Unaudited limited reviewed financial statements for the 9-month period ended December 31, 2021
3. Audited financial statements of HAL for the year ended March 31, 2021



4. Standalone Audited Balance Sheet of HAL as on December 31, 2021 (with Proforma Division wise split of Demerged Business and Remaining Business)
5. Management certified Standalone Profitability estimates of HAL for FY 2021-22 (with Proforma split of Marine and EPC Business)
6. Latest shareholding pattern of transacting companies, as duly certified
7. Credit Rating reports of the companies
8. Draft scheme of Arrangement
9. Other relevant details of companies such as its history, past and present activities and other relevant information; and
10. Such other information and explanations as required, and which have been provided by the management of companies

Limitation of Scope and Review

Our Opinion and analysis are limited to the extent of review of documents as provided to us by the Companies, including the Valuation Report and the draft Scheme. The Company has been provided with the opportunity to review the Fairness Opinion as part of our standard practice to make sure that factual inaccuracy / omissions are avoided in our final opinion.

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by the Companies for the purposes of this Fairness Opinion. We express no opinion and accordingly accept no responsibility with respect to or for such information, or the assumptions on which it is based. We have not assumed any obligation to conduct, nor have conducted any physical inspection or title verification of the properties or facilities of the Companies and neither express any opinion with respect thereto nor accept any responsibility, therefore. We have not made any independent valuation or appraisal of the assets or liabilities of the Companies, nor do we technically qualify to value immovable assets. We have, however, been furnished with the Valuation Report obtained by the Companies. We have not received any internal management information statement or any non-public report, and instead, with your consent, have relied upon information that was publicly available or provided or otherwise made available to us by the Companies for the purposes of this Fairness

 *Mashok*

Opinion. We are not experts in the evaluation of litigation or other actual or threatened claims or any tax implication connected with the Proposed Scheme, and accordingly, we have not evaluated any litigation or other actual or threatened claims. In addition, we have assumed that the Proposed Scheme will be approved by regulatory authorities and that the Proposed Scheme will be consummated substantially in accordance with the terms set forth in the Proposed Scheme. We have assumed that there are no other contingent liabilities or circumstances that could materially affect the business or financial prospects of the Companies, other than those disclosed in the information provided or considered in the Proposed Scheme.

We understand that the management of the Companies and, during our discussion with them, would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion. We have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the Proposed Scheme, no restrictions will be imposed or there will be no delays that will have a material adverse effect on the benefits of the Proposed Scheme that may have been contemplated. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and, on the information, made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have an obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we were not authorised to solicit, and did not solicit, interest from any party with respect to the Proposed Scheme involving the Companies or any of its assets, nor did we negotiate with any other party in this regard. We express no opinion whatever and make no recommendation at all as to Companies underlying decision to affect the Proposed Scheme or as to how the holders of equity shares or secured or unsecured creditors of the Companies should vote at their respective meetings held in connection with the Proposed Scheme. We do not express and should not be deemed to have expressed any views on any other terms of the Proposed Scheme. We also express no opinion and accordingly accept no responsibility for or as to the price at which the equity shares of the Companies will trade following the announcement of the Proposed Scheme or as to the financial performance of the Companies following the consummation of the Proposed Scheme.

Fedex and/or our affiliates in the past may have provided, and may currently or in the future provide, investment banking, commercial banking and other financial services to the Companies and /or their



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affiliates unrelated to the Proposed Scheme. We may have received or in the future may receive compensation for the rendering of the aforementioned services. In the ordinary course of our business, we and our affiliates may invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in debt, equity or other securities or financial instruments (including derivatives or other obligations) of the Companies and/or their respective affiliates, holding companies and group companies.

Fedex will receive a fee in connection with the delivery of this Fairness Opinion. The fee is not contingent upon the nature of the opinion provided to the Companies. The fee for our service is not subject to the outcome of the Proposed Scheme. In addition, the Companies have agreed to reimburse certain of our expenses and to indemnify us against liabilities arising out of our engagement. This Fairness Opinion is subject to the laws of India.

In no circumstances shall the liability of Fedex, its directors or employees related to the service provided in connection with this opinion, exceed the amount paid to Fedex as fees for this Fairness Opinion.

Distribution of this Fairness Opinion

The Fairness Opinion is addressed to the Board of Directors of Seamec and HAL/members of the Audit Committee of Seamec and HAL (in its capacity as such) solely for the purpose of providing them with an independent opinion on the fairness of the valuation as determined by the Valuer and for the purpose of submission to the Stock Exchanges, National Company Law Tribunal along with the petition for the Proposed Scheme and such other regulatory authorities under SEBI Circular and /or Act. The Fairness Opinion shall not be disclosed or referred to publicly or to any third party, other than as required by Indian law (in which case you would provide us with a prior written intimation) without our prior written consent. The Fairness Opinion should be read in totality and not in parts. Further, this Fairness Opinion should not be used or quoted for any purpose. If this Fairness Opinion is used by any person other than to whom it is addressed or for any purpose other than the purpose stated hereinabove, then we will not be liable for any consequences thereof. In no circumstances, however, will Fedex or its directors, officers, employees and controlling persons of Fedex accept any responsibility or liability including any pecuniary or financial liability to any third party, in any



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registration statement, prospectus, offering memorandum, annual report, loan agreement or any other agreement or documents given to third parties.

Conclusion

Based on our examination of the draft Scheme, Valuation Report, other information's and our independent analysis and evaluation of such information and subject to the scope limitations as detailed above and to the best of our knowledge and belief, we are of the opinion that, the share swap ratio for the proposed demerger of Marine, EPC and other ancillary business of HAL Offshore Limited into Seamec Limited as reproduced below, is fair and reasonable to the shareholders of the Demerged and Resulting Company:

- a. 20.17 Equity Share of ₹10 each, credited as fully paid up, to the Equity Shareholders of the Demerged Company for every 100 Equity Share of ₹10 each held in the Demerged Company and;
- b. 33.76 Optionally Convertible Preference Shares of ₹10 each, credited as fully paid up, to the Equity Shareholders of the Demerged Company for every 100 Equity Share of ₹10 each held in the Demerged Company

Yours truly,

For **Fedex Securities Private Limited**

(formerly known as Fedex Securities Limited)

Yashok



Authorised Signatory