

Date: 26th August 2015

ANNEXURE - 5
FAIRNESS OPINION

To,
The Board of Directorss
The Waterbase Limited
Ananthapuram
Nellore - 524 344
Andhra Pradesh
India

Subject: Fairness Opinion on the Share Exchange Ratio recommended by M/s SSPA & Co., Chartered Accountants, in their report dated 26th August 2015, in connection with the proposed transfer and vesting of the entire business and the whole of the undertaking of Pinnae Feeds Limited to The Waterbase Limited under the Scheme of Amalgamation of Pinnae Feeds Limited with The Waterbase Limited and Their Respective Shareholders and Creditors.

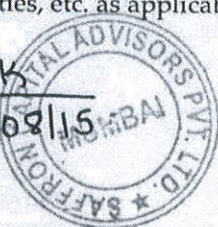
We refer to the discussion wherein the management of The Waterbase Limited ("the Transferee Company") requested Saffron Capital Advisors Private Limited ("We", "Our" or "Us") to give a Fairness Opinion on the Share Exchange Ratio recommended by M/s SSPA & Co., Chartered Accountants, in their report dated 26th August 2015, in connection with the proposed transfer and vesting of the entire business and the whole of the undertakings of Pinnae Feeds Limited ("the Transferor Company") to the Transferee Company under the Scheme of Amalgamation of Pinnae Feeds Limited with The Waterbase Limited and Their Respective Shareholders and Creditors ("the Scheme").

1 Background

- 1.1 The Transferee Company was incorporated as a public company under the name and style of "Thapar Waterbase Limited" on 23rd November 1987. Subsequently its name was changed to "The Waterbase Limited" on 11th February 1992. The registered office of the Transferee Company is located at Ananthapuram Village, Nellore - 524 344, Andhra Pradesh. The equity shares of the Transferee Company are presently listed on the Bombay Stock Exchange ("the Stock Exchange"). The Company Identification Number of the Transferee Company is L05005AP1987PLC018436.
- 1.2 The Transferor Company was incorporated as a public company on 5th July 2012. The registered office of the Transferor Company is located at "Thapar House", No.37, Montieth Road, Egmore, Chennai - 600 008, Tamil Nadu. The Transferor Company is an unlisted public company. The Company Identification Number of the Transferor Company is U05004TN2012PLC086634.
- 1.3 The Transferor Company proposes to transfer its entire business and whole of its undertakings to the Transferee Company with effect from 1st August 2015 ("Appointed Date") pursuant to the Scheme under Sections 391 - 394 of the Companies Act, 1956. The Scheme would need approval from High Court of appropriate jurisdiction and relevant judicial, quasi-judicial, statutory and other regulatory authorities, etc. as applicable.

K.L.K.

26/08/15



For THE WATERBASE LTD.

C. V. V. V.
Company Secretary

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- 1.4 M/s SSPA & Co., Chartered Accountants has been appointed to provide a recommendation on the Share Exchange Ratio in connection with the proposed transfer and vesting of the entire business and the whole of the undertakings of the Transferor Company to the Transferee Company
- 1.5 The Fairness Opinion requested from Us is to be provided in Our capacity as Category I Merchant Banker (Registration Code: INM000011211) and is required to be submitted to the Stock Exchange to facilitate the Transferee Company's compliance with clause 24(f) and 24(h) of the Listing Agreement and the Securities Exchange Board of India ("SEBI") Circular No CIR/CFD/DIL/5/2013 dated 4th February 2013 and CIR/CFD/DIL/8/2013 dated 21st May 2013.

2. Sources of information

For the said examination and for arriving at the Fairness Opinion set forth below, We have reviewed the following documents provided to Us by the Transferee Company:

- Report on the recommendation of fair share exchange ratio issued by M/s SSPA & Co., Chartered Accountants, dated 26th August 2015 and related workings.
- Draft copy of the Scheme.
- Such other information and explanations as We required and which have been provided by the management of the Transferee Company,

3. Limitations

- 3.1 Our Fairness Opinion is based on the information furnished to Us being complete and accurate in all material aspects. We have relied upon the information (including financial information), explanations and representations furnished to Us without carrying out any audit or other tests to verify their accuracy with limited independent appraisal.
- 3.2 We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Transferee Company and/ or the Transferor Company.
- 3.3 Our work does not constitute verification of any financial information (including the working results) of the Transferee Company and/ or the Transferor Company. Accordingly, We do not express any opinion on the fairness or accuracy of any financial information referred to in this report.
- 3.4 Our Fairness Opinion is not intended to and does not constitute any recommendation to any shareholder of the Transferee Company as to how such shareholder should vote or act in connection with the Scheme or any matter related therein.
- 3.5 Our Fairness Opinion is not, nor should it be construed as Our opinion on/ or certification of compliance of this proposed transfer of the entire business and the whole of the undertaking of the

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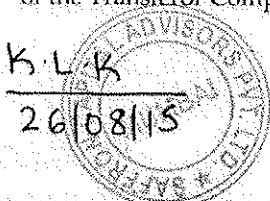
Transferor Company to the Transferee Company with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.

- 3.6 We do not assume any responsibility for updating or revising Our Fairness Opinion based on circumstances or events occurring after the date thereof.
- 3.7 We do not express any opinion as to the price at which equity shares of the Transferee Company may trade at any time, including subsequent to the date of this Fairness Opinion.
- 3.8 This Fairness Opinion has been issued for the sole purpose to facilitate the Transferee Company's compliance with clause 24(f) and 24(h) of the Listing Agreement and SEBI Circular No CIR/CFD/DIL/5/2013 dated 4th February 2013 and CIR/CFD/DIL/8/2013 dated 21st May 2013 and it shall not be used and/or valid for any other purpose.
- 3.9 It is understood that this Fairness Opinion is issued to the Board of Directors of the Transferee Company in connection with the Scheme and may not be relied upon by any other person and may not be used or disclosed for any other purpose without Our prior written consent except that a copy of this Fairness Opinion may be included in its entirety in any filing, which the Transferee Company is required to make with SEBI and/ or with any Indian Stock Exchange in connection with this proposed transfer and vesting of the entire business and the whole of the undertaking of the Transferor Company to the Transferee Company, if such inclusion is required by applicable law.
- 3.10 In no event shall We be liable for any loss, damage, cost or expense arising in any way from the fraudulent acts, misrepresentations or willful default on the part of the Transferee Company or the Transferor Company, their Directors, employees or agents.
- 3.11 Our liability (statutory, financial or otherwise) for any economic loss or damage arising out of the rendering of this Fairness Opinion shall be limited to the amount of fees received for rendering this Fairness Opinion as per Our engagement with the Transferee Company.

4. Key extracts of M/s SSPA & Co., Chartered Accountants' report

- 4.1 In their report dated 26th August 2015, M/s SSPA & Co., Chartered Accountants, have adopted the following valuation methods for the valuation of the equity shares of the Transferee Company and the Transferor Company:
- A. Net Asset Value method
 - B. Discounted Cash Flow method
- 4.2 M/s SSPA & Co., Chartered Accountants, has recommended a Share Exchange Ratio of 4 (Four) equity share of the Transferee Company of INR 10.00 each fully paid up for every 17 (Seventeen) equity shares of the Transferor Company of INR 10.00 each fully paid up.

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5. Fairness Opinion

On the basis of the foregoing and based on the information and explanation provided to Us, in Our opinion, the Share Exchange Ratio, as recommended by M/s. SSPA & Co., Chartered Accountants, is fair and reasonable.

For Saffron Capital Advisors Private Limited

K. L. Kalantri

26/08/15

Kunal L. Kalantri
Saffron Capital Advisors Private Limited
Category I Merchant bankers
Registration no.: INM000011211

