

QUINTESSENCE ENTERPRISES PRIVATE LIMITED

Adm. Off.: 8-2-603/B/33/A/9, B - 201, Zahera Nagar, Road No. 10, Banjara Hills,
Hyderabad - 500 034. Tele/Fax: +91-40-65528262

31st May, 2013

FAIRNESS OPINION CERTIFICATE ON PANASONIC APPLIANCES INDIA CO. LIMITED

The Board of Directors,
Panasonic Appliances India Co. Limited,
Chennai.

Dear Sirs,

We, Quintessence Enterprises Pvt. Ltd., (*QEPL*), refer to our offer letter dated 23rd May, 2013 which has been duly accepted by you, whereby you have appointed us as an Independent Merchant Banker for furnishing a 'Fairness Opinion' on the valuation carried out by the Valuers, viz., (i) Brahmayya & Co., Chartered Accounts, vide report dated 30th May, 2013, pursuant to Clause 24 (f) of listing Agreement.

The methodology used and the valuation arrived at based on the Valuation Reports furnished by M/s. Brahmayya & Co., Chartered Accountants, 48, Masilmani Road, Balajinagar, Royapettah, Chennai-600014, India for the proposed scheme of corporate restructuring are fair.

Further, as per the Scheme proposed by the company, the accumulated losses in the Company's balance sheet before the restructuring is Rs. 18,59,39,400 and the Securities Premium is Rs. 17,37,21,600. After the completion of restructuring process the accumulated losses in the Profit & Loss Account will stand reduced to Rs. 5,09,39,400 and the Securities Premium will stand reduced to 3,87,21,600. This is also found to be fair, based on information, material and data made available to us.

We enclose herewith a Certificate of Networth by (i) M/s. Brahmayya & Co., Chartered Accountants.

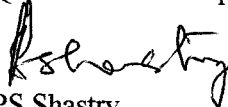
We hereby give our consent to present and disclose the Fairness Opinion in the general meeting of the shareholders of Panasonic Appliances India Co. Limited pursuant to Clause 24 (f) of Listing Agreement and to the Registrar of Companies, Tamilnadu, Bombay Stock Exchange limited (*BSE*) and Madras Stock Exchange Limited and the Honorable High Court of Judicature of Madras and any other regulatory and competent authorities in connection with the proposed purpose outlined above.

We highly appreciate the co-operation and support received by us from your representatives during preparation of the said Report on Fairness Opinion.

Thanking you,

Yours faithfully,

For and on behalf of
Quintessence Enterprises Private Limited


PS Shastry
Managing Director

QUINTESSENCE ENTERPRISES PRIVATE LIMITED

Adm. Off.: 8-2-603/B/33/A/9, B - 201, Zahera Nagar, Road No. 10, Banjara Hills,
Hyderabad - 500 034. Tele/Fax: +91-40-65528262

FAIRNESS OPINION ON THE PROPOSED SCHEME OF ARRANGEMENT PANASONIC APPLIANCES INDIA COMPANY LIMITED

1. Purpose:

Panasonic Appliances India Co. Ltd has proposed a Scheme of Arrangement by which the company proposes to go in for a corporate restructuring to write off its accumulated losses by setting it off against the share premium account to reflect the true value of the company .

The company has to submit this Fairness Opinion to the Bombay Stock Exchange Limited in accordance with clause 24 (f) of the listing agreement to obtain the no-objection certificate to go ahead with the scheme.

2. Merchant Banker – Quintessence Enterprises Private Ltd (QEPL)

QEPL formed in 1999, is a Category I, Merchant Banking company, based in Hyderabad, Andhra Pradesh, having its registered office at 'NANDANAM' 8-2-603/1/VP, Plot No. 8A, Road No. 10, Banjara Hills, Hyderabad – 500034, and Administrative office at 8-2-603/B/33/A/9, B - 201, Zahera Nagar, Road No. 10, Banjara Hills, Hyderabad - 500 034. It is SEBI registered with Registration Code INM000011997 valid till 31/07/2017, as Category I Merchant Banker.

3. Background

Panasonic Appliances India Co. Ltd was incorporated on 09.09.1988 as Indo Matsushita Appliances Co. Ltd in the state of Tamilnadu. Its holding company is Panasonic Corporation Japan.

It's name was changed to Panasonic Home Appliances India Co. Ltd., w.e.f. 20.09.2004. The name was again changed to Panasonic Appliances India Co. Ltd w.e.f. 29.06.2012.

It has its registered office at N. H. No. 5, Sholavaram village, Ponneri Taluq, Chennai – 600 067.



The company is in the business of manufacture and sale of electric Cooker and Mixer Grinder under the "Panasonic" Brand.

It is listed on the Bombay Stock Exchange Limited and Madras Stock Exchange Limited.

The management of Panasonic Appliances India Co. Ltd has engaged us to give the fairness opinion on the proposed scheme of Arrangement for corporate restructuring.

4. SOURCES OF INFORMATION

- A copy of the Memorandum and Articles of Association of the company
- Audited financial statements for the last three years, 2010, 2011 & 2012.
- Shareholding pattern before and after the scheme
- A certified copy of the scheme
- A certified copy of the Board Resolution
- A note on the rational of the proposed scheme
- A note on the company
- A Networth or Valuation Certificate of the company pre & post the scheme by Brahmayya & Co, Chartered Accountants.

5. Business Valuation Methodology applied

We have received a certificate from M/s. Brahmayya & Co, Chartered Accountants, who have examined the proposed accounting treatment specified in the scheme of arrangement of Panasonic Appliances India Co. Ltd.

According to them the accounting treatment is to adjust accumulated losses of the company against the securities premium in terms of section 391 read with section 78, 100-104 of the Companies Act, 1956, on sanction of the proposed scheme by Honorable High Court of judicature ate Madras.

The reduction of securities premium account would not have any impact on the shareholding pattern and the capital structure of the company. The scheme does not involve any cash outflow and therefore would not affect the ability and liquidity of the company to meet its obligation/commitments in the normal course of business. Since the scheme does not affect any shareholder or creditor or the networth of the company the valuation of the company remains the same before and after the scheme.



Name of Account – Balances as on 31st December, 2012	Amount
Accumulated Losses in the Profit & Loss Account	Rs. 18,59,39,400
Amount available in the Securities Premium Account	Rs. 17,37,21,600
Amount of Accumulated Loss being adjusted against the Securities Premium Account	Rs. 13,50,00,000
Upon the scheme coming into effect, the balance in Securities Premium Account	Rs. 3,87,21,600
Upon the scheme coming into effect, the outstanding loss in the books of the company	Rs. 5,09,39,400

As per the Scheme proposed by the company, the accumulated losses in the Company's balance sheet before the restructuring is Rs. 18,59,39,400 and the Securities Premium is Rs. 17,37,21,600. After the completion of restructuring process the accumulated losses in the Profit & Loss Account will stand reduced to Rs. 5,09,39,400 and the Securities Premium will stand reduced to 3,87,21,600.

The pre and post Networth valuation of the company remains the same i.e. Rs. 861.80 lacs

6. Opinion on Valuation Report

Based on the information, material, data made available to us including valuation report and workings to the best of our knowledge and belief, the methodology applied and the valuation arrived at by M/s. Brahmayya & Co., Chartered Accountants, is fair.

As per the Scheme proposed by the company, the accumulated losses in the Company's balance sheet before the restructuring is Rs. 18,59,39,400 and the Securities Premium is Rs. 17,37,21,600. After the completion of restructuring process the accumulated losses in the Profit & Loss Account will stand reduced to Rs. 5,09,39,400 and the Securities Premium will stand reduced to 3,87,21,600. This is also found to be fair, based on information, material and data made available to us.

7. Limitations on the Valuation of Panasonic Appliances India company Limited:

The study did not include the following:

- An audit of the financial statements of the company
- Carrying out a market survey / financial feasibility for the Business

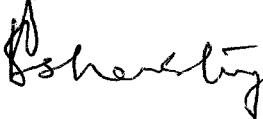


- Financial and Legal due diligence
- Our value analysis is based on the information made available to us by the management of Panasonic Appliances India Co. Limited. Any subsequent changes to the financial and other information provided to us, may affect the result of value analysis set out in this report.
- Our work includes review of audited financial statements of Panasonic Appliances India Co. Limited, based on the information as mentioned by us in part 4 of our report giving sources of information.
- We have reviewed the information made available to us for over all consistency and have not carried out any detailed tests in the nature of audit to establish the accuracy of such statements and information.

This report is issued on the understanding that it is solely for the use of the persons to whom it is addressed and for the purpose described above. We will not accept any liability or responsibility to any person other than those to whom it is addressed. The report must not be made available or copied in whole or in part to any other person without our express written permission.

It may further be noted that in no circumstances shall the liability of Quintessence Enterprises Private Limited (QEPL), its directors or employees related to the service provided in connection with this value analysis, exceed the amount paid to us as our fees for this opinion.

For **Quintessence Enterprises Private Limited,**



PS Shastry
Managing Director

31/05/2013
Hyderabad