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KANSAI NEROLAC PAINTS LIMITED

20th June, 2012

Manager – Listing,
National Stock Exchange of India Limited
Bandra-Kurla Complex
Bandra (East)
Mumbai – 400 051

Dear Sir,

Scrip Code: KANSAINER **Sub: Investment in Nepal**

This is to inform that the Company is in the process of acquiring 68% stake in Nepal Shalimar Pvt. Ltd. (NSPL), a paint manufacturing unit in Nepal.

The investment to be made by the Company towards this proposed acquisition shall be about NPR 12.58 crores (around INR 7.55 crores).

Further the Company would be giving a loan of NPR 10.20 crores (around INR 6.12 crores) to fund the working capital requirement of NSPL.

The investment by the Company in NSPL is subject to the approval from the concerned authorities in India and Nepal.

NSPL had a turnover of NPR 20.57 crores (INR 12.34 crores) in 2010-11.

A draft of the Press Release that will be issued by the Company in this regard is attached.

Yours faithfully,

For **KANSAI NEROLAC PAINTS LIMITED**

G. T. GOVINDARAJAN
COMPANY SECRETARY

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FOR IMMEDIATE RELEASE

KANSAI NEROLAC PAINTS LIMITED

Kansai Nerolac to enter JV with Nepal Shalimar, to acquire 68% stake in Nepalese paint major

- Proposed acquisition will cost Nerolac approx 7.55 Cr in investment -

- Acquisition expected to consolidate 10% market share for Kansai Nerolac in Nepal -

20th June, 2012 – Owing to Nepal's progressive economy, Kansai Nerolac Paints Ltd. (KNPL) has shown significant business interest in its neighboring country. The company is in the process of finalizing its 68% stake in one of the leading paint manufacturers in Nepal, Nepal Shalimar Pvt. Ltd. (NSPL).

The investment to be made by Kansai Nerolac towards this proposed acquisition shall be about NPR 12.58 crores (around INR 7.55 crores). Further, the company would be giving a loan of NPR 10.20 crores (around INR 6.12 crores) to fund the working capital requirement of NSPL.

Considered in the top 5 bracket of Nepal, Nepal Shalimar currently commands a market share of 8% in its country. It had a turnover of NPR 20.57 crores (INR 12.34 crores) in 2010-11.

Identifying the synergy between the companies, **Mr HM Bharuka, MD, Kansai Nerolac**, commented, "With KNPL's entry in the Himalayan state, our consolidated profit would improve and in turn increase EPS which will benefit our shareholders."

KNPL will be utilizing the manufacturing set up of Nepal Shalimar and manufacturing the Nerolac range of products that are currently exported to Nepal. This investment by the Company in NSPL is subject to the approval from the concerned authorities in India and Nepal.

For further information, please contact:

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KANSAI NEROLAC PAINTS LTD. * MUMBAI