KANSAI NEROLAC
PAINTS LIMITED

July 25, 2013

Manager – Listing
National Stock Exchange of India Ltd.
Exchange Plaza,
Bandra-Kurla Complex,
Bandra(E), Mumbai- 400 051.

Scrip Code: KANSAINER

Dear Sir,

This is to inform you that the Board of Directors, at its meeting held today, i.e. July 25, 2013, approved the closure of the Company's factory at Perungudi, Chennai.

Being an old unit, the plant and machinery of this unit had become outdated and unproductive. Due to high wages and low productivity, the cost of production had gone up at this unit and the unit had become financially non-viable. The output from the unit was only 7% of the total production at the company level last year. Expansion of the unit was also not feasible. The Company required to re-align its manufacturing operations in order to be cost effective and to meet competitive edge. It became imperative to restructure/reorganize the manufacturing operations to contain the increasing manufacturing/ operational cost. Besides, over the years, many residential colonies have come up in the vicinity of the factory premises, leading to pollution and environmental issues.

All the workmen of the Company have opted for Voluntary Retirement Scheme (VRS) and accepted VRS compensation and their legal dues and have been relieved from the services of the Company.

All the manufacturing activities at Perungudi factory have been stopped and as such, the assets have become surplus to our requirements.

The Board has given its in-principle approval to explore various options for monetization of surplus assets of the Company.

Yours faithfully,

For **KANSAI NEROLAC PAINTS LIMITED**

G.T. GOVINDARAJAN
COMPANY SECRETARY

NEROLAC HOUSE
Ganpatrao Kadam Marg,
Lower Parel, Mumbai - 400013 India

Tel. : +91-22-2493 4001
Fax.: +91-22-2497 3704

www.nerolac.com