

May 20, 2019

Manager – Listing

National Stock Exchange of India Ltd.

Exchange Plaza, C-1, Block G,

Bandra Kurla Complex, Bandra (E),

Mumbai - 400 051

Sub.: Reply to Clarification Sought National Stock Exchange of India Limited (NSE)

Ref.: 1. Announcement submitted to the Exchange dated May 02, 2019 , regarding merger of Marpol Private Limited and Perma Construction Aids Private Limited, both wholly-owned subsidiaries of the Company, with the Company.
2. NSE - KANSAINER

Dear Sirs,

This is with respect to the announcement submitted to the Exchange dated May 02, 2019 , regarding merger of Marpol Private Limited and Perma Construction Aids Private Limited, both wholly-owned subsidiaries of our Company, with our Company, Kansai Nerolac Paints Ltd.

We hereby reply to your queries as follows:

1. Brief details of change in shareholding pattern (if any) of listed entity.

No change in the shareholding of our Company. The proposal is for merger of two wholly owned subsidiaries of our Company with our Company.

2. In case of cash consideration amount or otherwise share entitlement/exchange ratio

As stated in answer to Question 1, the proposal is for merger of two wholly owned subsidiaries with the Company. So, there is no cash consideration involved. The Company will take over the assets and liabilities of the two subsidiaries and the shares held by our Company in these subsidiaries would be cancelled. There is no share exchange ratio involved.

3. Rationale for amalgamation/ merger

The merger will provide benefits of synergy, economies of scale, growth and expansion to our Company.

4. Area of business of the entities

Marpol Pvt. Ltd. is in the business of powder coating, while the other wholly-owned subsidiary, Perma Construction Aids Pvt. Ltd. is in the business of construction chemicals. The products

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manufactured and sold by these two subsidiaries are incidental and ancillary to the business of our Company which is manufacture and sale of paints and coatings.

5. Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length"

Since the two entities that are proposed to be merged with our Company are our wholly owned subsidiaries, the transaction is a related party transaction. As the proposed merger will provide the benefits of synergy, economies of scale, growth and expansion to our Company and no issue of shares or share exchange is involved, the merger transaction can be considered as one at "arm's length".

6. Name of the entities forming part of the amalgamation/merger, details in brief such as, size, turnover etc.

Marpol Pvt. Ltd. and Perma Construction Aids Pvt. Ltd.

Size/turnover of :

Marpol Pvt. Ltd.: Rs 68.90 cr

Perma Construction Aids Pvt. Ltd: Rs. 34.37 cr

For **KANSAI NEROLAC PAINTS LIMITED**



G. T. GOVINDARAJAN
COMPANY SECRETARY

