



**Century
Plyboards (I) Limited**

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28th March 2011

The Secretary
Bombay Stock Exchange Limited
Corporate Relationship Department, 1st Floor
New Trading Ring, Rotunda Building, P.J.Tower
Dalal Street, Fort,
Mumbai – 400001
Scrip Code: 532548

The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G, 5th Floor,
Bandra-Kurla Complex
Bandra (E), Mumbai 400051
Scrip Name- Centuryply

Dear Sirs,

Re: Scheme of Arrangement.

The Board of Directors of Century Plyboards (India) Limited ("CPIL") at their meeting held today have approved of a Scheme of Arrangement between CPIL and Star Ferro And Cement Limited ("SFCL") and their respective shareholders providing for demerger of the Ferro Alloys and Cement Division of CPIL to SFCL with effect from 1st April, 2011 ("the Appointed Date").

The Ferro Alloys and Cement Division of CPIL constitutes the business and interests of CPIL in manufacture of ferro alloys and cement, including captive power plants attached thereto. It comprises (i) ferro alloys and power plant at Byrnihat in the State of Meghalaya, (ii) investment in 2,95,47,500 Equity Shares of Rs.10/- each in Cement Manufacturing Company Limited ("CMCL"), a Company manufacturing cement at Lumshnong in the State of Meghalaya and (iii) investment in 52,04,998 Equity Shares of Rs.10/- each in Meghalaya Power Limited ("MPL"), a Company setting up a power plant for supplying power primarily to CMCL.

SFCL is a new company and is a wholly owned (100%) subsidiary of CPIL with CPIL and its nominees holding all the 5,00,000 Equity Shares of Re.1/- each issued by SFCL.

The remaining business and interests of CPIL, including manufacture of plywood, laminate, veneer and & allied products and others will continue to belong to and be managed by CPIL.

In consideration of the demerger, SFCL will issue and allot to the shareholders of CPIL, 1 (One) Equity Share of Re.1/- each credited as fully paid up in SFCL for every 1 (One) Equity Share of Re.1/- each fully paid-up held by them in the capital of CPIL. Consequently all shareholders of CPIL will also become shareholders of SFCL.

The plywood, laminate & allied products and other businesses of CPIL on the one hand and ferro alloys and cement business of CPIL on the other hand constitute the largest business segments of the consolidated CPIL and are poised to grow further. The said businesses and interests of CPIL



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have evolved and grown from strength to strength over the years. The present day nature and size of the ferro alloys and cement business and plywood, laminate and allied products business, including the pan India footprint of the latter business, are such that the divergent considerations, factors, financials, risks and rewards applicable to the running, growth and development of such businesses are required to be addressed with greater focus at all levels and are also required to be evaluated and looked at separately. The said businesses have good potential for funding, running, growth and development thereof as independent businesses.

In view, inter alia, of the aforesaid and as part of an overall business reorganisation plan and in order to take the respective businesses to the next level of growth it is necessary to segregate and realign the businesses and interests of CPIL appropriately. In the circumstances it is considered desirable and expedient to reorganise and reconstruct CPIL by demerging the Ferro Alloys and Cement Division of CPIL to SFCL, as aforesaid.

The demerger will simplify and rationalise the holding structure of various businesses and interests of CPIL and result in creation of two more focussed entities, i.e. (a) CPIL having interests primarily in the plywood, laminate & allied products and other businesses and (b) SFCL having interests primarily in ferro alloys and cement business. Consequent to the demerger, the plywood, laminate & allied products and other businesses and ferro alloys and cement business will be capable of independent evaluation. The same will unlock shareholders value and enable independent funding of the said businesses as also suitable strategic, technological and/or financial alliance and participation of appropriate partners and stakeholders in such business. The demerger will enable the said businesses to be carried on more conveniently and advantageously and will unlock the capacity of each of the businesses to raise and access larger funds for running, growth and expansion thereof on the basis of their individual strengths and operating parameters and independent evaluation.

The Scheme is subject to and conditional upon the requisite approvals being received therefor, including approval of shareholders and sanction of the Hon'ble High Court at Calcutta pursuant to Sections 391 to 394 of the Companies Act, 1956. Accordingly, the Scheme although operative from the Appointed Date shall come into effect on the Effective Date, being the date or last of the dates on which certified copies of the orders sanctioning the Scheme are filed by CPIL and SFCL with the Registrar of Companies.

Copy of the Scheme will be submitted to you for approval under clause 24(f) of the listing agreement.

For Century Plyboards (India) Ltd.


A. K. Julasaria
CFO & Company Secretary