



## CENTURY PLYBOARDS (INDIA) LIMITED

Registered Office : 6, Lyons Range, Kolkata - 700 001

### FOR THE ATTENTION OF COMPANY'S SHAREHOLDERS

Pursuant to the Scheme of Arrangement ("Scheme") between Century Plyboards (India) Limited ("CPIL") and Star Ferro and Cement Limited ("SFCL"), the Board of Directors of CPIL had fixed July 19, 2013 as the record date ("Record Date") for determining your entitlements in terms of the Scheme. Accordingly, against your holding in CPIL, new shares of SFCL ("New Shares") have been allotted on July 22, 2013 in the following manner :

*"One fully paid-up equity share of Re. 1 each of SFCL for every equity share of Re. 1 each held in CPIL"*

In this regard, please note the following :

#### SPLIT OF COST OF ACQUISITION OF SHARES IN CPIL

1. There would be no capital gains implications on the shareholders of CPIL in view of the exemption granted under Section 47 (vid) of the Income Tax Act, 1961 ("Act").
2. In respect of the New Shares, the date of acquisition for the purpose of capital gains in case of a shareholder will be the date of acquisition of the original shares of CPIL for each shareholder as per Clause (g) in explanation 1 to section 2 (42A) of the Act.
3. With regard to the cost of acquisition of New Shares in SFCL, section 49 (2C) of the Act provides the formula for splitting the original cost of acquisition of shares of CPIL between itself and the New Shares allotted in SFCL. An extract of the provisions of section 49 (2C) is reproduced below for your reference :

*".....the cost of acquisition of the shares in the resulting company shall be the amount which bears to the cost of acquisition of shares held by the assessee in the demerged company the same proportion as the net book value of the assets transferred in a demerger bears to the net worth of the demerged company immediately before such demerger..."*

*"Explanation - For the purposes of this section, "net worth" shall mean the aggregate of the paid up share capital and general reserves as appearing in the books of account of the demerged company immediately before the demerger..."*

4. With regard to the cost of acquisition of original shares in CPIL, section 49(2D) of the Act provides the formula for splitting the original cost of acquisition of shares of CPIL between New Shares allotted in SFCL and original shares in CPIL. An extract of the provision of section 49(2D) is reproduced below for your reference :

*"...the cost of acquisition of the original shares held by the shareholder in the demerged company shall be deemed to have been reduced by the amount so arrived at under sub-section (2C)..."*

The information in Para 3 above should be preserved carefully, as it will be relevant for calculating taxable capital gains under the Act on any transfer of shares in future.

For the purpose of determining the post demerger cost of acquisition of Equity Shares of CPIL and the resulting company-SFCL under the Act, the shareholders are advised to apportion their pre-demerger cost of acquisition of shares of CPIL in the following manner :

Name of Company	% of Cost of CPIL
Century Plyboards (India) Limited	65.30
Star Ferro and Cement Limited	34.70
<b>Total</b>	<b>100.00</b>

This communication is for the benefit of the shareholders and CPIL takes no express or implied liabilities in providing the guidance. Kindly consult your tax advisors, having regard to the facts of your case.

For Century Plyboards (India) Limited

A. K. Julasaria

(CFO & Company Secretary)

Kolkata, the 22nd July, 2013