

Century Plyboards (I) Ltd.

Investor Presentation

December 2010

ISING HIGH,
REACHING
FURTHER...



Safe Harbor

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Contents

BUSINESS OVERVIEW

4

PLYWOOD & LAMINATES

12

CEMENT

17

LOGISTICS & FERRO ALLOYS

22

FINANCIALS

25

CenturyPly – A Conglomerate



Business Overview



Plyboards & Laminates

- ❁ Pan- India: 5 Manufacturing facilities
 - ★ 30 mn sqm / 122,000 CBM - Plywood
 - ★ 149,000 CBM - Timber peeling-Veneer
 - ★ 2.4 mn sheets - Laminates
 - ★ 0.8 mn sqm - Pre-Laminated Board
- ❁ Capacity Expansion underway in all segments

Cement

- ❁ Largest Cement Producer in NER of India
- ❁ Integrated Cement manufacturing facility with Captive Power Plant
- ❁ 4.4 MTPA Cement Capacity
 - ★ 1.2 MTPA Operational
 - ★ 3.2 MTPA Expansion underway to be completed in Q4FY2012

Logistics

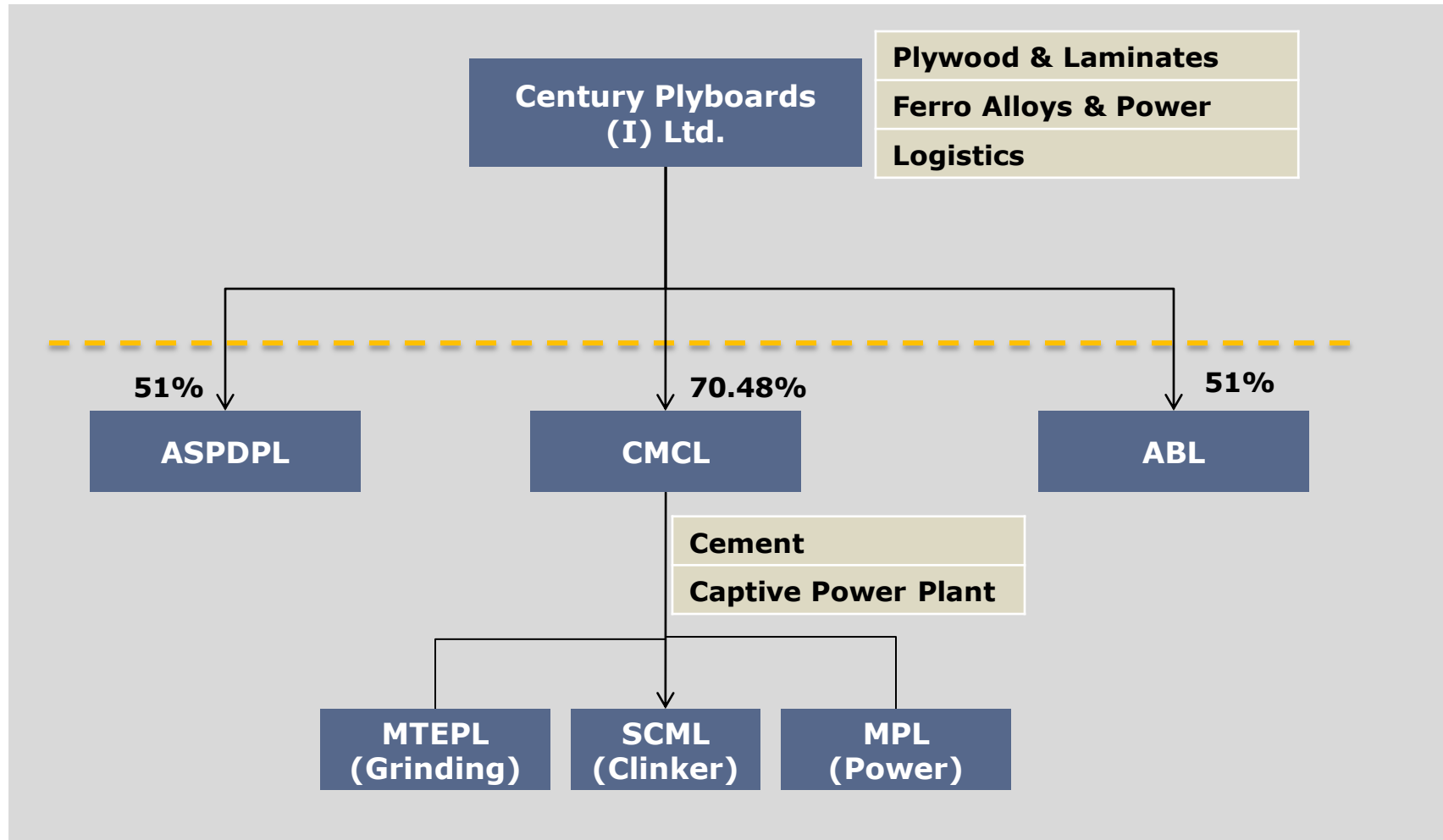
- ❁ First Private Sector CFS in Kolkata
 - ★ Strategically located near Kolkata port
 - ★ Area of ~ 100,000 sqm
 - ★ Capacity to handle 160,000 TEUs
- ❁ Jetty in Falta EPZ, Kolkata
 - ★ Capacity of 150,000 TPA

Ferro Alloy & Power

- ❁ Ferro Alloy plant with 10,620 MT
 - ★ 2 submersible arc furnaces of 9 MVA each
 - ★ 13.8 MW captive Power Plant
 - ★ Plant located at Meghalaya
- ❁ Capacity Expansion underway of 5,310 MT
 - ★ Adding submersible arc furnace of 9 MVA

Dovetailed to India's fastest growing Interior & Exterior Infrastructure space

Corporate Structure



CMCL: Cement Manufacturing Company Ltd.
MTEPL: Megha Technical & Engineers Pvt. Ltd.
SCML: Star Cement Meghalaya Ltd.

MPL: Meghalaya Power Limited
ASDPL: Auro Sundram Ply & Door Pvt. Ltd. (Ply unit in Uttaranchal)
ABL: Aegis Business Ltd. (Mineral Trading Activities)

Key Management Team



Sajjan Bhajanka, Managing Director

- ★ Responsible for the overall strategic direction
- ★ Started Ply business & successfully diversified into emerging growth opportunities in NER
- ★ Entrepreneurial experience of over 35 years

Sanjay Agarwal , Jt. Managing Director

- ★ Heads Marketing & Branding of Ply & Cement
- ★ Successfully launched and created brands 'Century Ply' and 'STAR Cement'
- ★ Over 25 years of Industry experience

Vishnu Khemani, Jt. Managing Director

- ★ Heads South India operations of Plywood business
- ★ Experience of over 25 years in plywood & timber related industries

Prem Bhajanka, Jt. Managing Director

- ★ Heads Northern & Eastern India operations of Plywood business & mining operations of Cement business
- ★ Experience of over 30 years in Industry

Rajan Chamaria, Managing Director (CMCL)

- ★ Heads the Operations and Expansion of Cement Business
- ★ Experience of over 30 years in Cement industry

Ajay Baldawa, Executive Director

- ★ Heads Technical, Quality & Automation of Plywood business
- ★ An IIT- graduate with global accomplishments with over 30 years of experience

Key Management Team

S.B. Roongta, MD - CMCL

- ★ Doyen of the Cement Industry, previously with Birla Vikas Cement, Satna Cement, Lok Cements, Thalavadi Cements etc.
- ★ Over 35 years of experience in Cement Industry

Ashutosh Jaiswal, President - Logistics

- ★ Heads Logistic Business and International Trade of Plywood Business
- ★ Over 25 years experience in the Industry

Jyoti Agarwal, Vice President – Marketing

- ★ Heads the sales, marketing and branding of the Cement business.
- ★ Over 20 years of experience in Cement Industry

Anoop Hoon, President – Marketing & OD

- ★ XLRI graduate heads marketing of Plywood business and Human Resource Division
- ★ Over 30 years of corporate experience

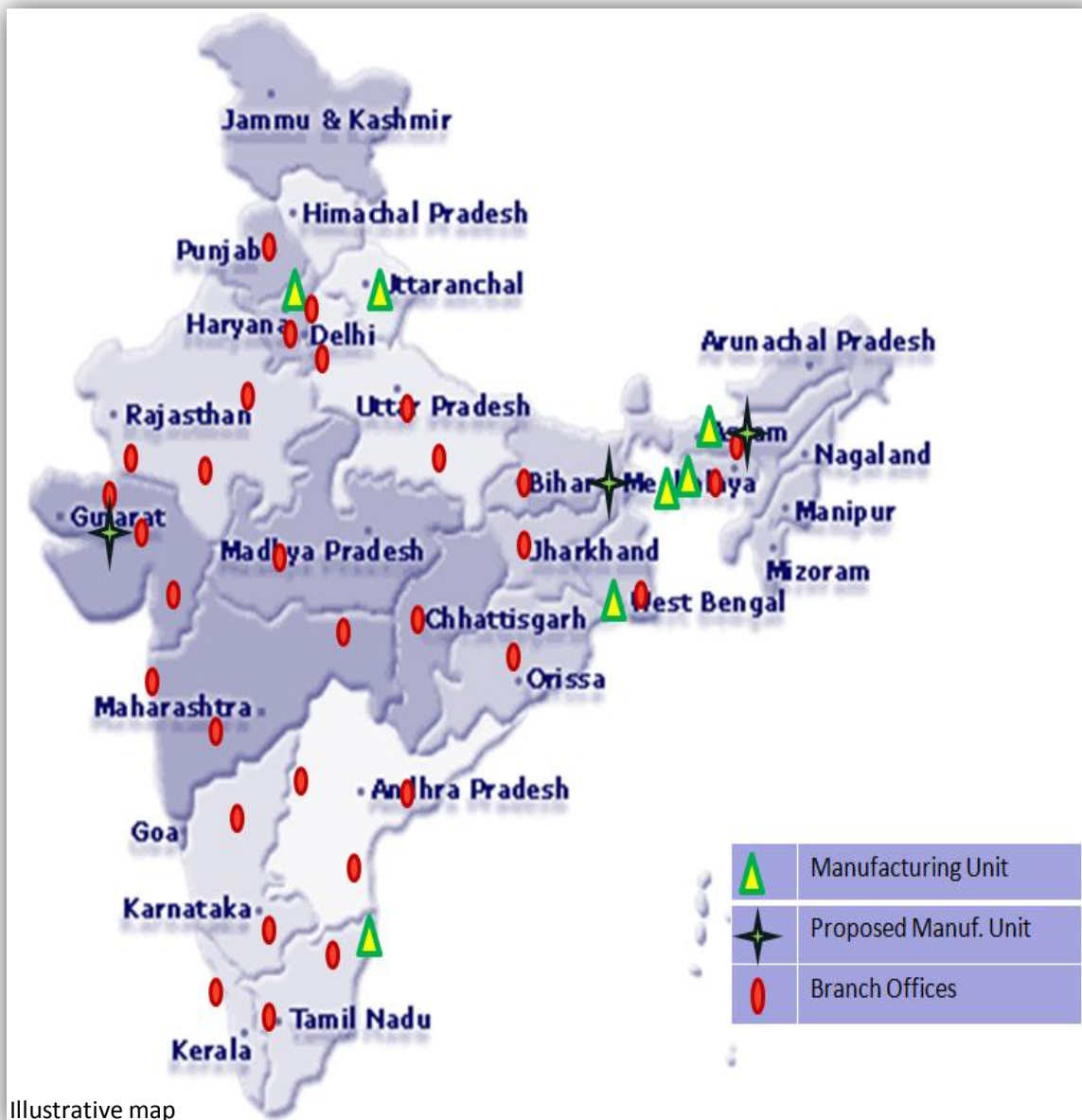
Arun Julasaria, CFO & Company Secretary

- ★ Expertise in Corporate structuring, mergers and amalgamation
- ★ Instrumental in implementation of SAP
- ★ Varied experience of over 25 years

Sanjay Gupta, CFO - CMCL

- ★ Successfully tied up debt for cement capacity expansion project
- ★ Industry experience of over 20 years

Pan India Presence



Illustrative map

Manufacturing Units

Ply & Panel	5 +1
Cement	1 +2
Ferro Alloys	1

Branch Offices

Over 35

Distribution Network*

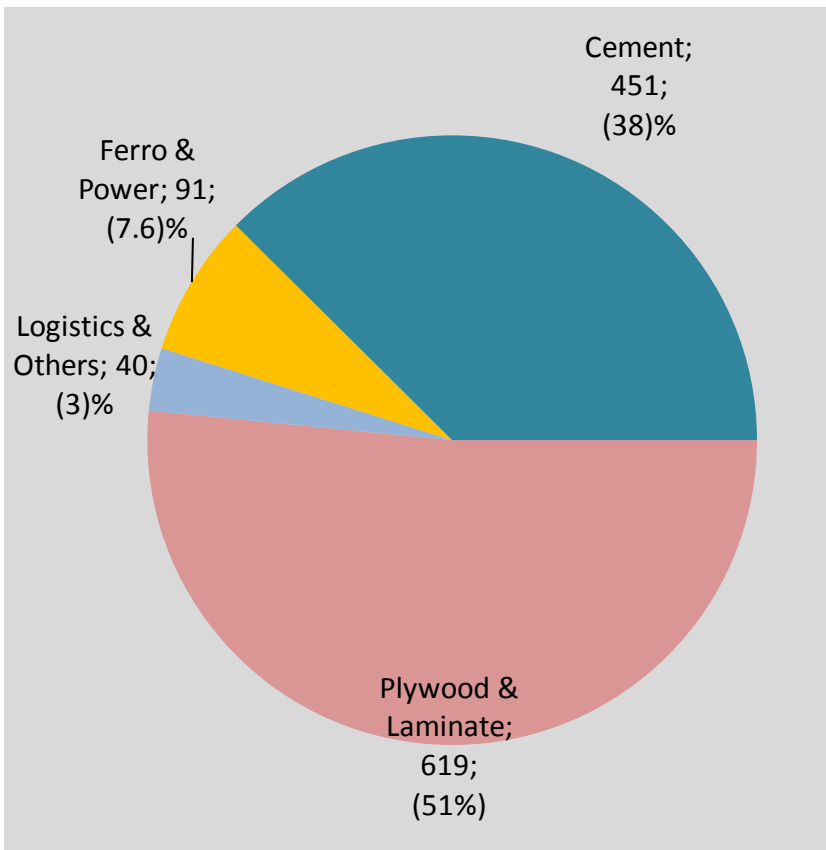
Ply & Panel	> 20,000
Cement	> 2,000

*Includes dealers, sub-dealers, retail outlets etc.

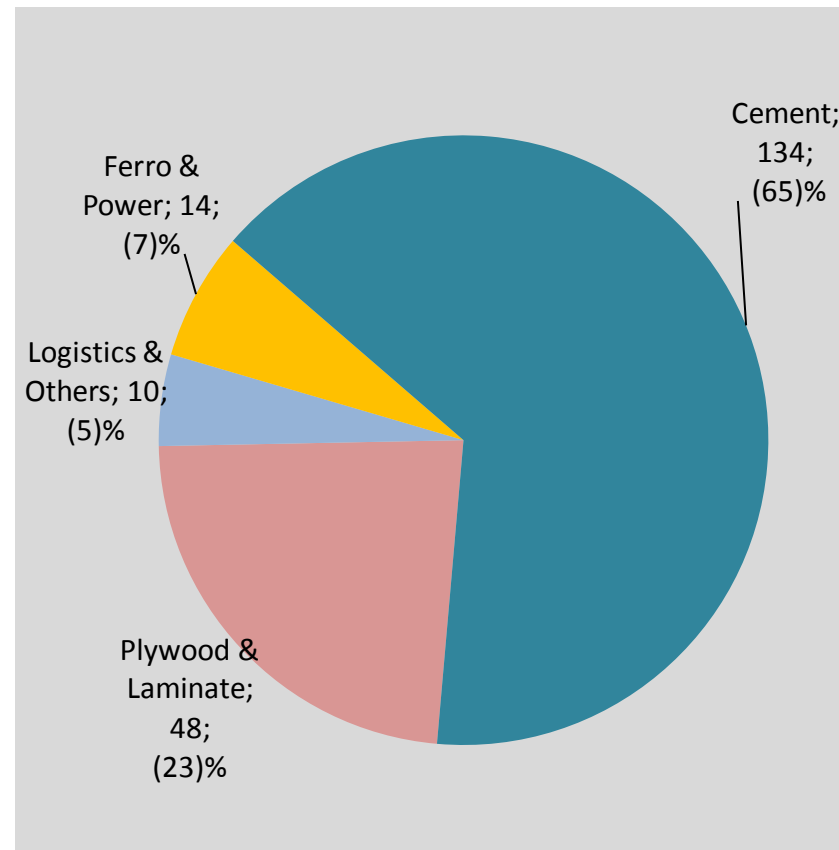
Segment contribution in FY2010

Rs. crores

Revenue Contribution



EBIT Contribution



Major Capacity expansion in High Margin Cement business

Capacity & Expansion Plan

Business	Unit	Capacity	Expansion	Post Expansion
Plywood & Allied				
Plywood	CBM	122,420	30,000	152,420
Timber Peeling-Veneer	CBM	149,000	31,000	180,000
Laminate Sheets	Nos.	2,400,000	1,200,000	3,600,000
Pre-Lam. Boards	SQM	800,000	800,000	1,600,000
Cement	MTPA	1.20	3.20	4.40
Clinker	MTPA	0.80	1.75	2.55
Power	MW	8.00	63.00	71.00
Ferro Alloy	MTPA	10,620	5,310	15,930
Power	MW	13.80	-	13.80
Logistic – CFS	TEUs	160,000	-	160,000

Expansions to be completed by March 2012

Plywood & Laminates Business



A large advertisement collage for Century Ply. The left side features a large image of a muscular arm flexing, with the text "UNMATCHED MUSCLE POWER. THAT'S PF PLY." in large, outlined letters. Below this, it says "The [red star] and [red star] technology make PF Ply, the mightiest ply of all..." and the "CENTURYPLY BWR GRADE" logo. The right side is a vibrant grid of various colorful images including fruits, balloons, flowers, buttons, fish, a rainbow, and cartoon characters. A red banner across the middle of the grid says "CELEBRATING THE COLOURS OF LIFE" and "CENTURYLAMINATES" with the star logo. At the bottom, a black banner reads "WIDEST RANGE OF DESIGNS" above a row of nine small laminate design samples. The bottom left corner contains three small icons: a stack of plywood labeled "G-P", a logo with "145" and "CS" for strength, and a recycling symbol for environmental commitment.

Indian Plywood Industry

Indian Plywood & Panel Industry is ~ Rs. 12,000 Crs.

- ★ Share of organized sector is 30%
- ★ Reduction in excise duty beneficial for organized sector growth
- ★ Overall Industry expected to grow at 15%
- ★ Organized sector to grow at a faster pace of 20% - 25%

Growth Drivers

- ★ Growing Real Estate and Construction sector
- ★ Rising per Capita Income
- ★ Supporting Demographics
- ★ Replacement cycle shorten to 3-4 years from 12-15 years decade back

Industry dependent on Imported Raw Material

- ★ Natural timber resources highly regulated or banned in most states
- ★ Plantation timber from agro forestry insufficient to meet industry demand and not suitable for high quality products

CenturyPly – A leading plywood brand



Products

- ✿ Plywood, Decorative Veneers, Laminates and Pre laminated boards
- ✿ Leading lifestyle brand offers complete Interior Decor solution.

Production Capacity

- ✿ Plywood: 122,000 CBM
- ✿ Laminates: 2.40 mn sheets
- ✿ Timber Peeling -Veneer: 149,000 CBM
- ✿ Pre Lam Board: 0.8 mn sqm

Production Units

- ✿ 5 Manufacturing facilities well spread across India
- ✿ Kolkata (West Bengal) , Karnal, (Haryana), Chennai (Tamil Nadu), Guwahati (Assam), Roorkee (Uttaranchal)

Expansion

- ✿ Green field Expansion at Kandla, Gujarat
 - ★ Plywood and Veneer expansion of 30,000 CBM at Gujarat
- ✿ Expansion at existing Units
 - ★ Laminates expansion of 1.2 mn sheets at Kolkata
 - ★ Pre-Laminated board expansion of 800,000 SQM at Chennai
- ✿ Capital Outlay of ~Rs 50 crs.
 - ★ To be funded through Internal accruals
- ✿ All expansion to Commission by Q4 FY12

Growth expectations : 2.5x India's GDP

Key Competitive Strengths

Strong Brand value

- ★ Top 100 most valuable brands of India as per 4P Survey 2010, now
- ★ One of Nation's top 200 Power Brands – 'Legacy', 'Recall' & 'Trust'
- ★ CenturyPly has been adorned as 'Master Brand' by the CMO council

Diverse Range – One stop solution for all Ply & panel requirements

- ★ Manufacture all variants of Plywood, Veneer, Laminate and Pre Lam boards

Ability to identify new trends and innovate new products

- ★ Boiling Water Resistance (BWR) decorative veneer
- ★ Seven year powder proof guaranteed PF plywood
- ★ Flexoply, the only flexible plywood

Pan India distribution network

- ★ Over 20,000 dealers, sub-dealers and retail outlets etc.
- ★ Strong visibility and market proximity
- ★ Well spread manufacturing facilities to optimize logistics cost

Commands price premium over peer group

Future Horizons

Raw material linkages

- ★ Raw material availability & cost - Crucial for long term sustainability of business
- ★ Evaluating linkage opportunities globally

Entry into ready-made Furniture business

- ★ Active consideration of entry into ready made furniture
- ★ In discussion with International designers and brands

Entry in MDF business

- ★ Existing Licenses for setting up MDF units in Uttarakhand & Punjab
- ★ To evaluate economic viability of setting up MDF unit in Southern region

Exploring manufacturing of Gypsum Board

- ★ Offers qualities like Fire proof, lightweight, non dampening, sound proof
- ★ Used in Partition wall, false ceiling etc

Cement Business



ISSUE ZABARDAST SETTING NAHIN



Cement Industry - NER of India

❖ Structurally deficit cement market

- ★ 30% of demand met from outside region
- ★ 4.8 MTPA installed capacity in region

❖ Cement demand growth in NER higher than average growth in Country

- ★ Over last 5 year, 13% CAGR in NER compared to 8% in Country

❖ NER is rich in Natural Resources

- ★ Large quantities of low ash coal resources, limestone and dolomite deposits

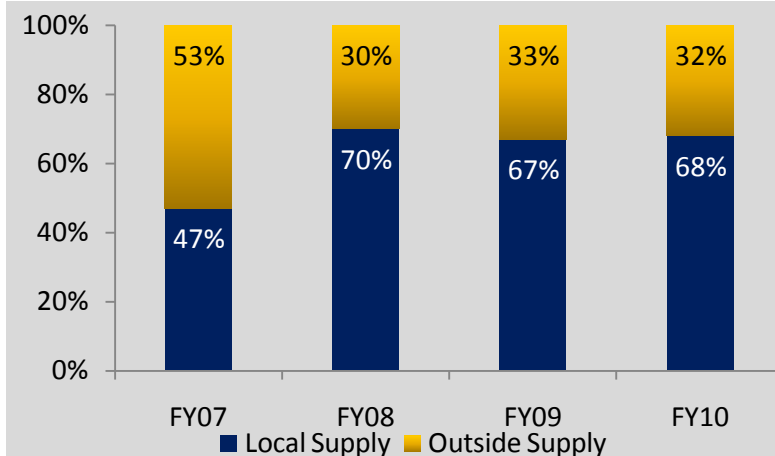
❖ Increasing Government focus on the Region

- ★ Significantly below average Infrastructure
- ★ Comprehensive fiscal incentives package

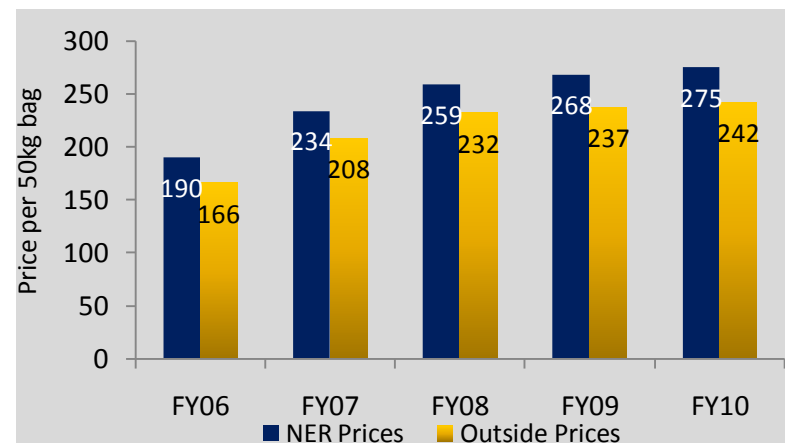
❖ Fiscal incentives to enhance economic and industrial development of the region

- ★ 10% budget of central ministries are earmarked for development of NER
- ★ North East Industrial & Investment Promotion Policy (NEIIP), 2007 and other policies

> 30% cement demand met from outside



12-14% price premium over rest of India



4.4 MT Cement Capacity by Q4 FY12

1.2 MT Capacity operational since Dec 2004

 Located at Lumshnong, Meghalaya

- ★ 225 km from Guwahati
- ★ 125 km from Shillong

 Well connected to other parts of NER

- ★ Located on NH-44, close to other roads as well
- ★ Silchar airport is 125 km away
- ★ Badarpur - nearest railway station , 85 km

 Clinkerisation unit with an operating capacity of 0.8 MT

 Two grinding units with total capacity of 1.2 MT

 8 MW Captive Power Plant

 Dry process cement plant consisting of five-stage pre-heater with pre-calculator kiln

3.2 MT Capacity expansion Underway

 Clinker facility: Closer to source of Raw Material

- ★ 1.75 MT at Lumshong, Meghalaya

 Split grinding units: Closer to markets improves economics

- ★ 1.6 MT at Guwahati, Assam
- ★ 1.6 MT at Kahelgaon, Bihar

 63 MW Captive Power Plant

 Capital Outlay of Rs. 1,300 Crs. to be funded from Debt & Internal Accruals

- ★ ~Rs. 900 Crs. Debt tied up

 Commissioning by Q4 FY12

 Project Progress as per schedule

- ★ Appointed Holtec as Technical Consultants
- ★ Orders placed for critical items
- ★ Construction work under progress

Location Advantages

Quality limestone reserves of more than 100 years

- ❖ Captive mines of high quality limestone
 - ★ Limestone with calcium oxide content greater than 49%
- ❖ Total mineable area of over 600 hectares
- ❖ Estimated reserve of over 360 mn tonnes



Freight Advantage offered by existing set up

- ❖ Cement – Low value , High volume product
 - ★ Inward & Outward freight forms significant part of overall cost
- ❖ Plant Location Advantage in Freight cost reduction
 - ★ Captive limestone mines with distance of 2-3 kms
 - ★ Coal is procured from vendors within 50 kms
- ❖ New Grinding units to reduce outward freight
 - ★ Grinding units located in Assam & Bihar
 - ★ Well positioned to cater to deficit markets of Bihar, Jharkhand, West Bengal

Factory and Dumps



Unique marketing strategy

Focused brand development

- ❖ 'Star Cement' – Awarded most preferred Cement Brand
 - ★ Commands ~18% market share in NER
 - ★ Branding campaigns with regional stars
- ❖ Strong management focus on Brand development
 - ★ Arrangement with renowned advertising agencies like Rediffusion, BNAS, Group M Media
 - ★ Brand Promotion through various mediums like outdoor advertising, Road shows, TVC's & music videos.



Dynamic marketing & distribution approach in extending reach

- ❖ First Company in NER to start distribution through direct network
 - ★ Through dealers rather than C&F agents
- ❖ Wide distribution network in NER & Eastern region
 - ★ Over 500 dealers across NER
 - ★ Direct sales channels to cater to industrial clients
 - ★ Established marketing set up in other important market like Bihar



Logistic & Ferro Alloys Business



Kolkata Port

Heavily congested due to consistent traffic growth

- ★ Eastern region witnessing strong economic activities
- ★ Container traffic at Kolkata expected to grow at 20% CAGR
- ★ Need for development of efficient CFS facilities to decongest port

Jetty

Jetty operations at Falta, EPZ near Kolkata since 2001

- ★ Joint Venture with Ministry of Commerce , Govt. of India
- ★ Ensures smooth & efficient handling of timber and handles third party cargo

Logistics

CFS

First Private Sector Company to set up CFS in Kolkata

- ★ Based on track record of Jetty operations, Kolkata Port Trust invited to develop CFS
- ★ Developed CFSs with State of the art facilities

CFS at Sonai operational since 2008

- ★ Area of 22,000 sqm & capacity of 40,000 TEUs

3 fold increase in Capacity with Second CFS at Jingira pool

- ★ Area of 80,000 sqm & capacity of 120,000 TEUs
- ★ Commenced operations from June 2010

Beneficiary of congestion at Kolkata with 160,000 TEUs

Ferro Alloy & Power

Ferro Alloy Industry growth directly linked to Steel Industry

- ★ Strong Indian Economic growth to drive steel sector

Largest manufacturing unit with 18 MVA capacity in North East region

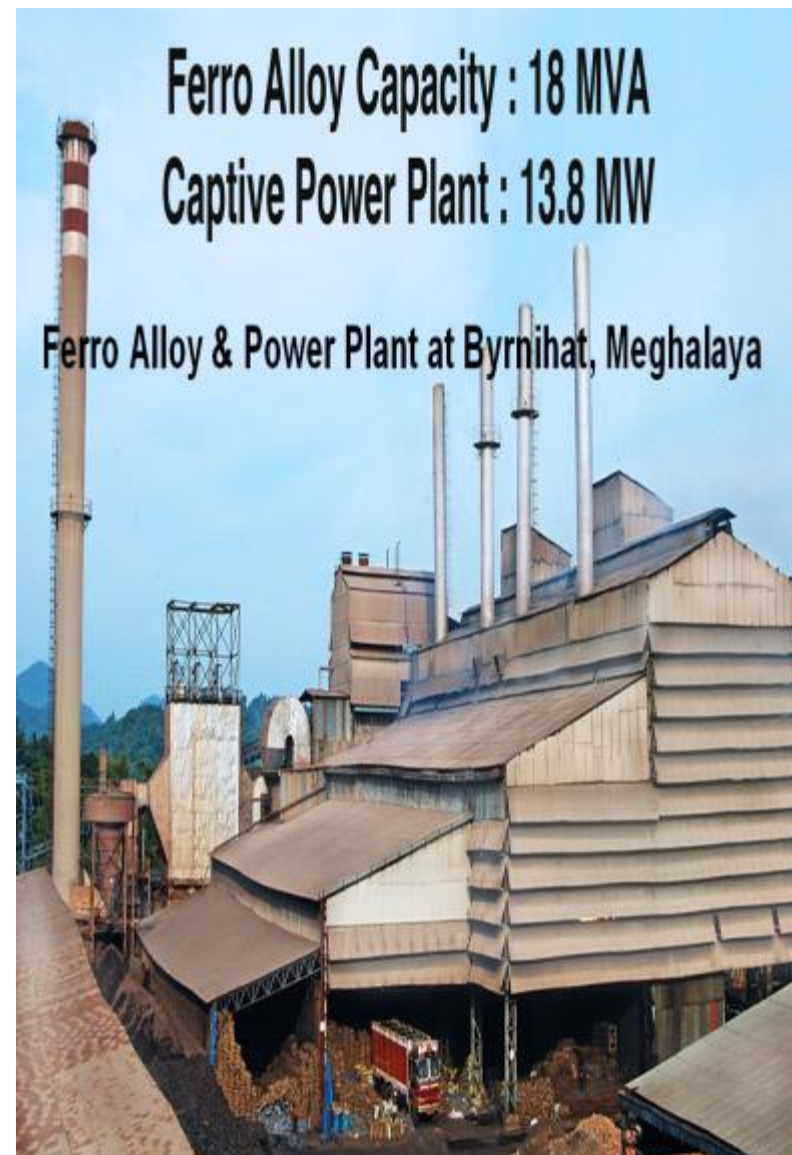
- ★ Plant established in 2001
- ★ 2 nos. submersible arc furnaces of 9 MVA each
- ★ 10,620 MT Ferro Silicon Production capacity
- ★ Captive Power plant of 13.80 MW

Capacity Expansion Underway of 5,310 MT

- ★ 1 no. submersible arc furnace of 9 MVA
- ★ Capex of ~Rs. 20 crs – funded by Internal accruals
- ★ Completion by Q4 FY 12

Strategically located at Byrnihat, Meghalaya

- ★ Plant enjoys fiscal incentives as per North East policy
- ★ Abundant raw material in the region



Financial Highlights



Segment Financials

Rs. Crores	Ply & Lam		Cement		Ferro / Power		Logistics	
	H1FY11	FY10	H1FY11	FY10	H1FY11	FY10	H1FY11	FY10
Net Sales	384	617	215	451	35	59	10.6	20.0
Expenses	346	564	130	303	24	43	6.8	9.0
EBITDA	38	54	85	149	12	16	3.7	11.0
<i>Margin</i>	10.0%	8.7%	39.4%	32.9%	32.8%	26.7%	35.1%	55.1%
Other Income	2	1	2	7	0	0	0.0	0.0
Depreciation	6	11	13	22	2	5	3.0	3.2
Interest	4	9	5	9	1	1	0.5	0.6
PBT	31	35	69	125	9	10	0.2	7.2
<i>Margin</i>	8.1%	5.6%	32.3%	27.7%	26.3%	16.9%	2.3%	36.2%

Consolidated Financials

Rs. Crores	H1-FY11	H1-FY10	FY10	FY09
Net Sales	652	552	1,162	1,040
Other operating Income	3	13	29	2
Income from Operations	655	565	1,191	1,042
Expenditure	512	425	920	858
EBITDA	144	140	271	184
<i>Margin</i>	<i>21.9%</i>	<i>24.8%</i>	<i>22.8%</i>	<i>18.1%</i>
Other Income	2	2	1	1
Depreciation	24	20	45	39
Interest	10	11	22	25
Exceptional & Prior Period Items	0	0	0	35
Tax Expense	8	14	22	0
Net Profit	104	96	183	86
<i>Margin</i>	<i>15.9%</i>	<i>17.1%</i>	<i>15.4%</i>	<i>8.3%</i>
Minority Interest	21	22	37	29
PAT after minority interest	83	74	146	57

Consolidated Balance Sheet

Rs. Crores	30-Sep-10	31-Mar-10	31-Mar-09
Net Worth	583	487	365
Minority Interest	145	124	97
Total Debt	465	420	407
Deferred tax liability (net)	1	1	0
Total Liabilities	1,194	1,032	869
Net Assets*	560	517	415
Investments	0.5	0.5	0.4
Current Assets			
Inventories	214	210	170
Sundry Debtors	157	129	109
Cash & Bank	32	50	39
Other Current Assets	130	137	129
Loans & Advances	273	138	106
Current Liabilities			
Current Liabilities	168	140	91
Provisions	4	9	9
Net Current Assets	634	515	453
Total Assets	1,194	1,032	869

*Net Assets includes CWIP

Proposed Restructuring

Proposal to restructure the business into separate entities

- ★ Plyboards & Logistic
- ★ Cement Business
- ★ Ferro Alloys & Power generation
- ★ Hived off businesses to be listed separately

Business Rationale

- ★ Focus on core competencies of each business
- ★ Independent strategy & financial policy

Process Initiated

- ★ Appointed consultants for Legal, Accounting & Taxation

For further information, please contact:

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