

**We are not
just turning
a company
around.**
We are building
one of India's
most exciting
interior
infrastructure
brands.




Uniply Industries Limited
Brand Activity Report 2015-16

**“The world’s
second most
populous
country and
only two
prominent
plywood
brands. That
seemed
illogical”**

*That’s what we said when we first heard of an
opportunity to buy Uniply Industries Limited in 2014.*

- Sometimes when you get too deep into the minutiae you lose the big picture.
- So this then is our big picture.
- There are half a dozen cement companies in India with an installed capacity in excess of 5 mn TPA.
- There are half a dozen steel companies in India with an installed capacity in excess of 1 mn TPA.
- But when it comes to interior infrastructure like plywood? Just two big companies.
- We believe that the next decade is going to be dramatic for India's plywood sector.
- More homes and offices. Larger homes and offices. Increased plywood use. Increased use of value-added plywood. Faster replenishment.
- Creating an opportunity for a number of successful plywood companies.

That's where we come from.



**There were
just four things
we considered
when we began
looking closely at
Uniply...**

- ❶ A company on the verge of going into BIFR.
- ❷ A company with a negligible national plywood market share.
- ❸ A company that had reported losses for two years leading to the end of 2014-15.
- ❹ A company that most analysts had given up on - market capitalization of a mere Rs 22 cr.

The prospects in one word: Hopeless.



**Sceptics were
many and the
business case grim.**

1

The company suffered a large trust deficit; sub-quality product returns from the recent past were high; the unsettled business of most dealers ran into crores; most dealers never knew if they would ever get their money back.

2

The company was promoter-controlled; emotional loyalty was missing; professionals were absent; the business was not being scaled.

3

The company was divorced from market reality; the company made what was

quickest to sell, not what would have been the most profitable.

4

The line that one heard extensively in the company was 'How much did we manufacture yesterday?' and not 'What was yesterday's profit score?'

5

The Uniply brand did not stand for something distinctive in the mind of the prospect; worse, the logo was being represented by different typefaces in different media.

The business case looked grim.



**Scepticism
and value go
hand in hand**

We recognised that the worst thing one could do was appraise from the outside while one was buying what existed on the inside.

So we reversed the paradigm.

We (the promoter management specifically) embarked on exhaustive due diligence.

By working on the shopfloor.

By understanding the manufacturing process.

By talking to employees.

By engaging with the trade.

By interviewing customers.

By studying global trends.

And, most importantly, by spending quality time with the promoter who intended to exit the business.

Only after we had comprehended where the business had come from, where it stood and where any new management (presumably competent) could take the business, did we decide.

We felt there was a business case. We decided to press forward.

1

We addressed the second most populous market on the one hand and one of the most under-consuming on the other.

2

The industry possessed high entry barriers

Despite the gloom,
there were a
number of reasons
why we felt we
could succeed in the
plywood business.