

Sun Tzu



Case 4:
Terra Agri Pvt. Ltd.

“Round 2”



The logo for Terra Agri Pvt. Ltd., featuring a stylized blue and black geometric design with a central image of a farm or agricultural field.

Terra Agri Pvt. Ltd.

Terra Agri Pvt. Ltd. (Terra) is a mid-sized Indian agribusiness company engaged in the research, production and marketing of hybrid seeds. The company has a wide range of seeds in field crops including rice, wheat and maize, and a small range of vegetable seeds including okra and tomato.

Terra is part of a diversified business group with interests across chemicals and other Agri-inputs including fertilisers and agrochemicals, but operates completely independently. The company has been in operation for over 25 years, and became part of the Group through an acquisition about 10 years back. At the time of the acquisition, the company had very strong brands in the field crop segment in North and West India. The company was also known for its very strong R&D capabilities.

After the acquisition, the Company did very well for 5 years with some of the products attaining blockbuster status in their segments. However, the company has stagnated over the last 5 years, struggling to maintain topline. Profitability has also come down owing to reduced gross margins and mounting overheads. The company's much-famed R&D was also not able to deliver any major products in this period.

When the CEO of the Company retired this year, the Group decided to bring in Shantanu Dasgupta as the new CEO from outside the Company to turn around the business. Shantanu is an industry veteran with over 20 years of experience in top MNCs, and has a great reputation for having built very strong brands in the hybrid seed industry.

After coming into the Company, Shantanu quickly assessed the situation and concluded that with the current products in the R&D pipeline, the company does not have any hopes of a turnaround in the next 3 years. Even for that, at least 2 of the products in the pipeline must turn blockbusters. Based on the R&D performance in recent years, this was not a risk he could take.

The R&D Head, Dr. Amber Rao is however very confident of his team's capabilities, and bullish about the product pipeline. He is confident that by next year the company will be able to deliver 2 products that have the potential to be blockbusters. His view is that the past launches have not succeeded because of supply chain and marketing-related issues, and not because the products were not good.



As much as Shantanu wishes to believe Dr. Rao, he does not have time. He is considering getting into a tie-up with a competing firm in Paddy to source a ready product to be marketed under its own brand. The CEO of this competitor is an old colleague from his earlier firm, and he is confident that the product can help turn around the company's fortunes quickly. Moreover, this product would be introduced in markets that are not focus markets for the competitor, and hence it's a win-win for both companies. Such arrangements are now common in the industry, but Terra had never tried it.

The other alternative that Shantanu is considering is to acquire a smaller vegetable seeds company that has some great products but is unable to invest in growing the same. His earlier firm had evaluated this firm a few months back, but they were unable to agree on the valuations. In the process, Shantanu has developed a great rapport with the promoters, and they now approached him with an offer which he felt was reasonable. However, Shantanu is not sure if the Group would be further willing to invest in acquisitions in this space owing to the experience with Terra.

The Company CFO agrees with Shantanu but tells him that the internal accruals and projected cash flows of the Company would not be sufficient for investment in these initiatives. Shantanu now must convince the Group to fund at least one of these plans if not both. Given the current state of business, he expects to have to do a lot of convincing.

Key Deliverables – Round 1

Develop an issue tree/hypothesis and identify the key issues to be discussed. Also identify key questions you would like to ask the client, that could be useful in further analysis.

(Here we are looking at the breadth of issues you bring up and how you plan to test these points. It should not be stuff just laid down theoretically, but testable practically)



Key Deliverables – Round 2

In line with the hypothesis developed in round 1, develop a strategy document that Shantanu can take to the Board for approval of his plans

Note:

- *Your hypothesis submitted in round 1 could undergo some modification basis the data shared and interactions in round 2, though not entirely.*
- *We have provided some additional data in this file for your reference. Clarifications can be provided, but they must be consolidated.*
- *(It would be advisable to not raise minor queries repeatedly, rather bunch them together and get it clarified in one go)*
- *In addition, we will be providing you with the opportunity to conduct a couple of 20-30 minute conversations with relevant stakeholders, which will be communicated shortly. The schedule for these interactions will be communicated shortly too.*

Additional Case Data

Please refer to the embedded excel file for additional case data for your consideration in your round 2 submission:



Microsoft Excel
Worksheet

A decorative graphic in the top left corner consisting of overlapping blue and black diamond shapes, with a central image of a modern building.

Submission Guidelines

- ✓ Each team has to continue with the case they chose in Round 1. Equal preference would be given to all cases for evaluation.
- ✓ The case submission will be open till 5th September, 2022, 11:59:59 PM. No submissions will be accepted past the deadline.
- ✓ Teams are required to prepare a PPT of maximum 30 slides for their round 2 submission (including cover and closing slide). You may choose to include your round 1 slides if you feel it is necessary to carry forward the storyline.
- ✓ The PPT files along with other supporting documentation can be uploaded in the form of a .zip or .rar format file. Files that exceed 25MB in size will be disregarded.
- ✓ The cover page should mention the team name, college name and the case selected. The end page should mention the name, mobile and email ID of each team member. The slide limit includes the cover page and end slide
- ✓ Please name your submission file as CollegeName TeamName CaseNumber (e.g., XLRI_Panthers_Case1).
- ✓ Participants are required to email their submissions to suntzu@consultavalon.com
- ✓ Please explicitly mention all the assumptions (if any) you make to solve the case. You can incorporate those as part of your submissions for each round.
- ✓ No additional slides beyond the set limit shall be accepted for evaluation.
- ✓ We encourage you to carry out your own research while working on this case. However, please ensure all your data points are obtained through authentic and reliable sources and should be mentioned in your submission.

For any queries contact suntzu@consultavalon.com