TEACHING CASE LETS AND CASE-STUDY

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Strategic Growth and International Expansion of Jagmohan Pvt Ltd

Jagmohan Pvt Ltd, a company established nineteen years ago by Shrikant Shetty, an automobile engineer with both international and domestic experience, began its journey with a modest capital of ₹5 crores. Initially supplying automobile parts to service centers across India, the company faced early-stage losses due to a limited market size. However, a strategic alliance with Maruti Udyog Ltd eight years after inception marked a pivotal shift. The partnership enabled the firm to manufacture specific components for Maruti's small car segment, facilitating rapid growth and improved financial performance.

Shrikant Shetty, the founder and CEO since inception, is known for his risk-taking ability, technical competence, and emphasis on high-quality standards. He fostered a professional culture within the organization, granting autonomy to senior managers while retaining control over critical decisions. His dynamic leadership saw the company evolve into a major player in the automotive components industry, achieving a consistent annual growth rate of over 25% and surpassing ₹800 crores in turnover in the last financial year.

With the Indian market witnessing high demand and intense competition, Shetty began exploring international opportunities. During internal discussions, the management team concluded that entering foreign markets could unlock new growth avenues. Encouraged by initial interest from two European automobile manufacturers, Jagmohan Pvt Ltd set up a representative office in London. This move was aimed at fostering close coordination, exploring partnerships, and gathering first-hand market intelligence. Shetty took a hands-on approach in monitoring the operations of the London office and visited monthly to ensure strategic alignment.

However, the rapid growth and operational complexity have made it increasingly difficult for Shetty to manage international operations directly. With ambitions to expand further and diversify the company's global footprint, he convened a meeting with departmental heads to evaluate potential strategies for foreign expansion. Three strategic alternatives emerged:

1. **Continue manufacturing in India and export globally** – This approach leverages existing infrastructure and cost advantages, but may face logistical and regulatory challenges abroad.

2. **Initiate manufacturing activities in other countries** – Establishing overseas production units can reduce delivery times and improve local responsiveness, though it requires significant capital and operational management.

3. **Acquire existing foreign manufacturers** – This offers immediate market access and established distribution networks but carries risks related to integration and cultural differences.

Jagmohan Pvt Ltd now stands at a strategic crossroads, and the decision it makes will significantly influence its trajectory in the global automotive supply chain.

Case Questions (Based on Bloom's Taxonomy)

1. **What** were the reasons behind Jagmohan Pvt Ltd opening an office in London?
2. **Explain** the strategy the company should adopt in a high-growth market.
3. **Evaluate** the pros and cons of each alternative for foreign expansion considered by the company.