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School of Studies in Management, Jiwaji University, Gwalior
Subject: Entrepreneurship and Small Business Development
Course: BBA Fourth Semester

Case 1: Café Coffee day

EARLY DAYS OF VGS

VGS was born in the year 1959 in the Chikmagalur District of Karnataka (India) in a well-off business family that had been in the coffee growing business since 1870. VGS had a happy childhood; he studied in a boarding school but was always delighted to come back home for the holidays to the sumptuous home-made food cooked by his mother. He also enjoyed playing cricket with his friends

EARLY CAREER: STOCK TRADING

By the time Siddhartha completed his graduation in the year 1983, he had developed an interest in stock trading. Later, he wanted to start his own business in stock trading. VGS convinced his father and went to Bombay (Now Mumbai) in 1983 to start a career in stock trading.

, VGS was inspired by Mahendra Kampani (Kampani), a senior stock trader and also a partner in India's oldest stock trading firm Jamnadas Morarjee and Co. Kampani had also worked in various capacities in the Bombay Stock Exchange (BSE) since 1982. He was a sitting member of the governing board and vice-president and also served as president for one term (1987-88) . He was one of the pioneers in introducing stock market reforms

THE JOURNEY FROM COFFEE TRADING TO CAFÉ COFFEE DAY

Along with the stock trading business, VGS started showing a keen interest in coffee plantations. He had inherited 300 acres of coffee plantations from his father and forefathers. He also started purchasing coffee plantations in 1985...

BLUE OCEANS: CREATING A NEW MARKET

By the year 2000, CCD had opened 1,700 cafés in different parts of the country and was focussing primarily on creating an environment where

people could leisurely spend time on enjoying a cup of coffee. In the early days, CCD offered a cup of coffee at Rs. 100. This included an hour of browsing the internet. .

COMPETITION

VGS expected competition to CCD from international players, but much to his surprise, he faced unexpected competition from a domestic company, Barista Coffee Company Limited (Barista). Barista, launched in early 2000, opened 20 stores in Mumbai and 20 stores in Delhi in the year 2000 itself, while CCD was operating only 20 stores in all...

DIVERSIFICATION

While focussing on creating a sustainable coffee brand, VGS also concentrated on diversifying his investment portfolio. His first business, Sivan Securities, was successful in providing stock broking and investment advisory services. ..

THE DEBT TRAP

The growing competition from domestic and international players and the massive expansion of CCDs stores posed various challenges for VGS, including thin margins. To manage the capital expenditures and the operating costs, VGS raised debt from private equity players...

QUESTIONABLE FINANCIAL REPORTING STRUCTURE

Many analysts and the auditors were not convinced with the financial reporting structure of CDEL, as they were unable to take a decision based on the information provided in the annual reports. Since 2017-18, the company had been in the process of streamlining its financial reporting processes...

THE DEATH OF AN ENTREPRENEUR

The news that VGS had been reported missing by his driver near the Netravati River made headlines in the media and business circles on the evening of July 29, 2019. A massive hunt was mounted for the coffee baron and speculation of various kinds began doing the rounds in media and business circles...

RECOVERY MEASURES

Amid the speculations doing the rounds in media, political, and business circles, the management of CDEL came forward to state the debt position of the company. As per the information provided by it, as on August 17, 2019, the total debt outstanding with CDEL was Rs. 49.70 billion.