

PERSONAL FINANCE

HOW I MADE MY FIRST MILLION

'Companies should be profitable'

Asgar Patel, founder of Patel group of companies, built up his empire literally from the scratch.

STARTING OUT

In 1957, after ten years of education in England, I returned to India at the age of 17. I felt like an alien. The cultural shock was so severe that I wanted to go back, but my parents refused to send me back. Those days, my father was making and selling various consumer goods like shoes, caps, umbrellas, raincoats and gumboots. But the products had no brand name and the business didn't look exciting. I opted out of the family store and joined Fairdeal Motors as a stenographer. My knowledge of shorthand and typing helped me. Soon I became a salesman.

THE LUCKY BREAK

While I was working there, in 1959, a friend offered me his truck. I decided to accept the offer; but didn't have any money. I was 19 and was broke. Suddenly, I remembered a few financiers I had met during my stint at Fairdeal Motors. But I had no one to stand guarantee for me, and there was no collateral either. Anyway, I approached one financier, and got money at the rate of 38 per cent. I took the truck on hire purchase.

To get a feel of the business, I took a few trips. I started with Glaxo first. The man at the helm in Glaxo was a Scotsman. My education in Scotland helped us to strike a rapport. He gave me my first load. I drove it between Bombay and Delhi myself. Once I reached Delhi, I even unloaded six tonnes of load myself to save the unloading charge of Rs 8. I was then introduced to Colgate's Chairman, VK Koddikal. That was the beginning. Little by little I built Patel Roadways.

MAKE OR BREAK

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Asgar Patel, chairman, House of Patels

me. I picked the Kangaroo which moves at the speed of 60 miles per hour with the child in its pouch, safely. Even if the Kangaroo dies the joey remains safe. What I wanted to communicate to the Indian public was that their cargo was safe with us. It was a symbol of trust. Of course, it meant more to me. The kangaroo can only move forward, it can't move backwards. Not many Indians know this. For me, too, there was no turning back. My father didn't approve of the line I have chosen. He made it clear that he won't support me in my venture. There was some stigma attached to the truck industry. I didn't mind being a truck driver. In fact, I was a big hit on the national highway. I could not speak Hindi and I was an anomaly. Other drivers, however, were helpful, and I built up my contacts quickly.

TURNING POINT

I also negotiated quite a few loans. In those days it was difficult to secure finance because all the banks were pri-

vate. However, unlike other truck drivers I was able to present my papers properly. Drivers used to approach me for vehicles and I obliged them on condition that they will carry my loads. I was doing in 1961 what leasing companies are doing these days. I had a fleet of vehicles without actually owning them.

BREAKTHROUGH

We opened offices in Bombay, Delhi and Indore. From trucking I also moved into exporting steel and building material to Dubai during the construction boom in early 1970s. We also became consultants to a finance outfit called Wall Street Finance. It belonged to my nephew. Later my son Riyaz joined the firm and bought it out. It soon expanded with new branches in Singapore, Hong Kong, Sydney and London.

In 1992, Riyaz also applied for an off shore bank in New Zealand and set up Wall Street Banking Corporation. Around this time, the Reserve Bank of India cleared my 12-year-old application to be a forex dealer in India. Wall Street Finance is now a category I merchant banker, offering a variety of financial services.

From road we progressed to air; we started Patel Airways. Five years ago we also started Patel On-Board Couriers. In 1993, we launched Patel Airfreight and Patel Tours and Travels, a subsidiary. Today, the network of Patel Roadways covers every part of India, over 1,100 stations and over 1,000 trucks, carrying Rs 5,000 crore worth cargo annually. Freight earnings were Rs 96.30 crore in 1995-96. The turnover of Wall Street Finance was Rs 17.39 crore. Patel On-Board Couriers also recorded sales of Rs 49.17 crore.

As for the future, we have plans to set up Wall Street Bank in India. A bank in Mauritius is also on cards. We also want to set up infrastructure at the airports and large warehouses for storing perishable cargo.

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Mumbai Inc

Rajan Chaughule drastically and the same route takes 3 days."

FOUR decades ago, in the early years of Independence, Asgar S Patel, son of a wealthy businessman, was sent to Glasgow, Scotland, for his education when he was just 7 years old. He later went on to finish his A level education in Brighton, London. During this period, Asgar Patel refused to take any money from his dad and earned his way through. "I used to run the school Tuck shop when I was 9 years old," he thinks back smiling, "then I even took up a number of agencies including that of Cadbury's to maintain the expenses I incurred there to stay fashionable, I used to wear the best of clothes." In 1956 after completing his A levels, 16-year-old Asgar Patel came down to India for the first time since he had moved to London. "Since I spent my formative years of my life in the UK, I had become an absolute English man, right from my mannerisms, dressing and even my accent," he recalls, "I couldn't even speak in Hindi or my mother tongue, this hurt me quite a lot because I couldn't even communicate with my mother." He saw no sense in going back to London and decided to stay back and learn the Indian culture. "At my father's shop, Patel Brothers Topiwallah, Pydhonie, we sold caps, shoes, raincoats etc," he reminisces, "this was not very exciting for an 18-year-old like me, so I took up typing and short hand classes. He was the fastest in his class and took



Going miles to achieve: The dynamic Patels

great pride in his speed. "There was only one person in the class who could compete with my speed," he says smiling, "and now I am married to that person."

He took up a job as a clerk at a shop called Fairdeal Motors "There I worked as a stenographer for a very nice gentleman Anand Swadi, who later on taught me how to write letters, answer phone calls and even got into sales eventually, ultimately handing me the task of money collection," Patel recalls gratefully. His job was to collect payments from customers and even repossess the car if necessary. "All this covers my work today," he points out. In the beginning of 1960, in the

Nehru era, with the birth of industrialisation in India taking place, Patel was advised to look into the truck business by one of his associates. "My father was very much against this idea, it was not a very respectable business then and he felt that I would be wasting my British education," he reveals, "I looked for clients and approached the directors of many foreign companies like Colgate, Polychem, Ponds cold cream, Glaxo and Dumex. The directors of these companies were all expatriates. With his British mannerisms and personality he managed to convince them to hire his services.

"My first client was Glaxo, the director was a Scotsman and we got on like a house on fire," he looks back, "I got the contract, but the only glitch was that I didn't have a bank account, so for the first time, Glaxo made an exception and paid me by cash." Moreover to buy his first truck,

Patel had taken a loan in 1961 at a steep rate of 28 per cent interest.

He even drove his own truck not only to save money but also to learn about the business. "I used to do the Mumbai-Delhi route in flat 36 hours," he says proudly, "now unfortunately with the sharp increase in vehicles, the road space has shrunk

From then onwards there was no looking back and his "Patel Roadways" slowly grew to a couple of more trucks and now they own 600 trucks and have 2,000 other trucks under contract. Their transport empire now has 600 branches and 1,100 docking stations all over the country. Even though it is ranked as number one in the transport industry, Patel faced a lot of difficulties to get people to work for him initially. "To overcome this I started Patel Institute of Transport, advertised extensively and guaranteed

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In 1978, Patel started his construction firm named after his daughter, "Natasha Constructions", and his first project was the Natasha building in Bandra which harbours the head office of "the house of Patels". Then he went on to constructing

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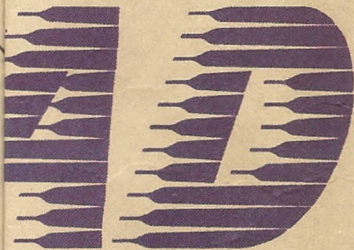
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other buildings primarily in the Bandra vicinity. But now Natasha Constructions is experiencing a major slump. "This is all thanks to the mafia element, government harassment in the form of IT raids etc," he admits. Now "construction business has a very bad reputation thanks to a few builders."

In 1972, his elder son Riaz started 'Wall Street Finance' in Dubai which dealt in forex and supplied currencies to banks like Credit Suisse, Chase, Nat West, Swiss Banking Corporation and even the Arab Finance Services. He later spread his wings to Hong Kong and London and brought "Wall Street Finance" to India. "It is the biggest in Forex business in India — second only to Thomas Cook", he announces proudly.

In 1988, Asgar Patel started Patel

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UCCESS

Patel Roadways has

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On-Board couriers, then Patel Travel and Tours was born," he says pragmatically. Twenty-five-year old Arif, Patel's younger son joined the company eight years ago. "I joined up my father's firm in 1989-'90 after finishing my high school in Connecticut at a private school, Rosemary Hall," thinks back the young group director. Though he had enjoyed his school life abroad, he realised that his business and home were in Mumbai, so he opted to come back.

The 57-year-old protagonist of this success story abides by only two basic philosophies. Firstly, make profits and create surpluses. And this will help them scale the heights of success.

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