

# Wheels of fortune

**From being a truck driver to setting up a \$2 billion business empire, Asghar S Patel's is the most incredible rags-to-riches story. Here's how he did it**

BY AQUIN GEORGE

**T**HE one thing I developed in London as a child and still value is respect and dignity for labour, else I wouldn't have reached where I am," says Asghar S Patel (62), group chairman, House of Patels, calmly seated in his 11th floor office suite at the Twin Towers with a beautiful view of the Dubai creek.

And this value is very much evident from the way he talks and moves around. Even during the photo-shoot he willingly assists our cameraman with no airs whatsoever.

After all, before he created an empire with a turnover of over \$2 billion, he used to drive a truck. Yes, a truck.

Here's the story. Patel was sent to Hillhead High School in London during the India-Pakistan partition days and he lived with a Scottish family since the age of six and a half. After schooling in London, Patel chose to return to India and work rather than go back to the UK for higher studies.

He started off as a stenographer, then became a PA to the MD of the company before becoming a car salesman for imported cars in Mumbai at age 18. Following this he had a short stint with his father's business dealing in shoes, caps, gumboots, Kolhapuri *chappals*, etc.

He then decided to set-up his own business and decided to invest in a truck.

"My father questioned me, 'Did I send you to London so that you could come back and be a lorrywallah (truckdriver)?'," laughs Patel.

His disappointed father obviously did not finance his entrepreneurial initiatives, forcing Patel to buy his own truck in 1960, and even drive it from Mumbai to Delhi delivering goods in order to pay back the instalments.

Fast forward 10 years and you have Patel Roadways which by then had become a household name. Today it has an annual turnover of Rs120 crores and over 800 branches in India.

"Then in 1968-70 we thought of

diversification and took to exports. We came to Dubai and started importing building materials and selling it in the Gulf. India at that time was in urgent need of foreign exchange and the Gulf region was growing rapidly.

"After that, it was here that I met Mohammed Al Louan (now with HSBC)

businesses not only in India and Dubai but also in Hong Kong, London, among others and are expecting to get a licence from the US for starting their remittance business any time now. He's got businesses of some or the other nature currently running anywhere from New York and London to Australia and New Zealand.

House of Patels also encompasses an onboard courier service that is doing brilliant business. "It is almost a monopoly," smiles Patel. What he's



**IT PAYS TO WORK HARD: Asghar S Patel.**

around 21 years ago and with his help set-up the Wall Street Exchange Centre. It was like a small corner shop in Naif Road. This was the third business I started and even this grew rapidly. I was lucky in the sense that we were in the right place at the right time. It was during this period that a lot of Indian labourers were saving money to send back to their native land," informs Patel.

They managed to get permission from the Reserve Bank of India and tied up with Central Bank of India for their financial operations. "Dhadi Contractor, who is now the executive director for the Bank in Mumbai, really guided us along the right path," says Patel.

Today they are running finance

done is, buy out bellies of airlines like Air India and lease out these spaces to other courier companies. No wonder they are known as the courier service for other courier companies. "It works out cheaper than having our own aircraft,"

says Patel who has acquired the Indian government's licence to buy aircraft to support the business. He adds, "We have 72 flights a day taking off both from India and abroad and around 150 courier companies use our service. Basically we do the couriering work for others." These include very big names in the courier industry whom Patel avoids naming.

On the personal front, Patel at the age of 42 decided to complete his studies and went back to college. He graduated



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in law and the best part is that he was studying to be a graduate at the same time that his daughter was. He then did his post graduate studies outside India.

Patel is quite brilliant at his work as a businessman and equally good with words. "All our companies in India are now public limited. So in a sense I am not the owner of the company just a part shareowner. I'm only the group chairman because they've elected me to be one."

Talking about his style of functioning he says, "In any business you have to make money. Without that aim there is no point in getting into a business. But for me in addition to making money I feel my speciality is in creating institutions. Marketing is my forte."

Have to agree with Patel on that one. But what he forgets mentioning is that he is also great at networking. They've tied up with Western Union and have supplied them with 1,200 agents across India. They are now making use of this network to promote their own product known as, 'Instant Cash' here in Dubai.

House of Patels has an employee base of 4,500 people worldwide. Each business has its own CEO and MD. "One of my greatest assets is my people. You have to develop them and instill in them a feeling of being part of the company," says he. Patel got so carried away with his dream of creating good managerial people he started the Patel Institute of Transport Management, the only one of its kind in Asia. Not only did he create talented managers for the transport industry in the country he also created schemes whereby the students were financed by the transport companies themselves.

So why did he choose Dubai as his base? "I'm based in Dubai for the simple reason that it is a tax-free country. It makes better sense for my business," says Patel. While Patel sits in Dubai and runs the empire, his US-educated son, Arif Patel (30), runs the India operations and the father does not show the slightest fear in his son's capabilities.

In his career spanning 43 years, Patel feels that luck has been by his side at all times. In addition to that it is his PR qualities that have made him successful. "I've never really had an enemy," he says. "And third, I ensure the company is run in a simple way and we do not complicate things. We are here because of the customer and not the other way round. You have to get this concept right if you want to be on the right path to success."

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# LAST ACTION HERO

Nearly bankrupt six years ago, **Asgar Patel** has rebuilt his fortunes. Now flush with funds from the sale of Wall Street Exchange, he plans to become Dubai's new construction baron

Dibeyendu Ganguly

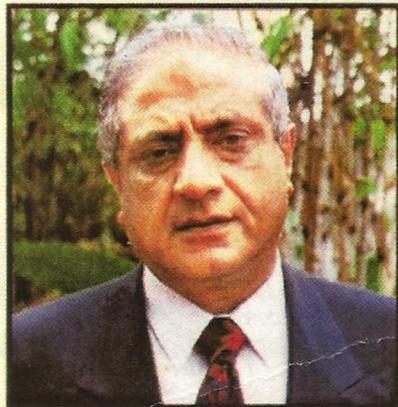
**C**LOSE TO the Bandra sea face, somewhere between the homes of Sanjay Dutt, John Abraham, Shah Rukh and Salman Khan, Asgar Patel has built himself a three storey house on a property once owned by his friend and famed film director of yesteryears, Hrishikesh Mukherjee. The chairman of The House of Patel doesn't stay here much — his home, for the most part, is a four bedroom suite at the Intercontinental, Dubai — but this week he's on a visit to see his family.

It's only appropriate that Patel should live in the heart of Bollywood — after all, his life has always been the stuff of a Hindi pot-boiler. Shunned by his businessman father for marrying a Christian, the 18 year old Patel worked as a stenographer in the offices of a second hand car dealer and then went on to build a business empire spanning road transport, courier services, construction and finance. Then the property slump of the late 90s, combined with the sudden collapse of the NBFCs, pushed him to near bankruptcy and he escaped to Dubai — where he rebuilt his fortunes.

Patel has repaid all his debts and is now flush with funds, having sold a majority stake in his company, Wall Street Exchange, to Empost, the UAE's national courier company. And at the age of 67, the man who likes to compare himself with Donald Trump ("He went bankrupt too. It can happen to any entrepreneur.") says he's toying with the idea of getting into the construction business once again, this

time in boomtown Dubai. "I was 59 and ready to retire when I lost all my money," he says. "But now I'm energised and ready to start all over again. The construction business is all about money management, and I have \$22 million."

globalindian



After doing his schooling in the UK, Patel never went to college, but he did get himself a law degree from Mumbai University at the age of 42. As for management, he's self-taught and a big fan of Peter Drucker (though he likes to say "I learnt as much from my truckers as I did from Drucker").

Six years ago, Patel went to Dubai alone, leaving his family behind in Mumbai, and he's rather proud of the

fact that he's rebuilt his money changing business solely with the help of professional managers, most of whom were executives with public sector banks. He gives the example of an ex-SBI manager who ran his Dubai office: "He was extremely difficult to get along with and I didn't like interacting with him, but he was a professional who did a great job. People who don't conform often perform best. And I have always valued talent, in an era when talent was generally not valued. My sons believe you can buy talent, but I don't agree."

The group's two listed companies, Patel Roadways and Patel On-line Couriers are now being merged to create a new entity named Patel Integrated Logistics, and Patel has handed over their running to his son Asif. ("I believe in one captain for one ship"). At the same time, Patel finds succession planning an arduous task and says, "I've spoken about this to many other business families and they all say managing the transition is difficult. It's very hard to retain professional managers when the next generation joins."

Through all his trials and tribulations, Patel has had one constant source of solace and that is golf. In Dubai, he's a member of the Emirates Gold Club and he drives his Lexus there every afternoon and plays for a good four hours before he returns to his office suite in the Twin Towers. "Gold de-stresses me, like yoga does for other people. I don't know if I could have survived without it," he says.

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THE INTERNATIONAL

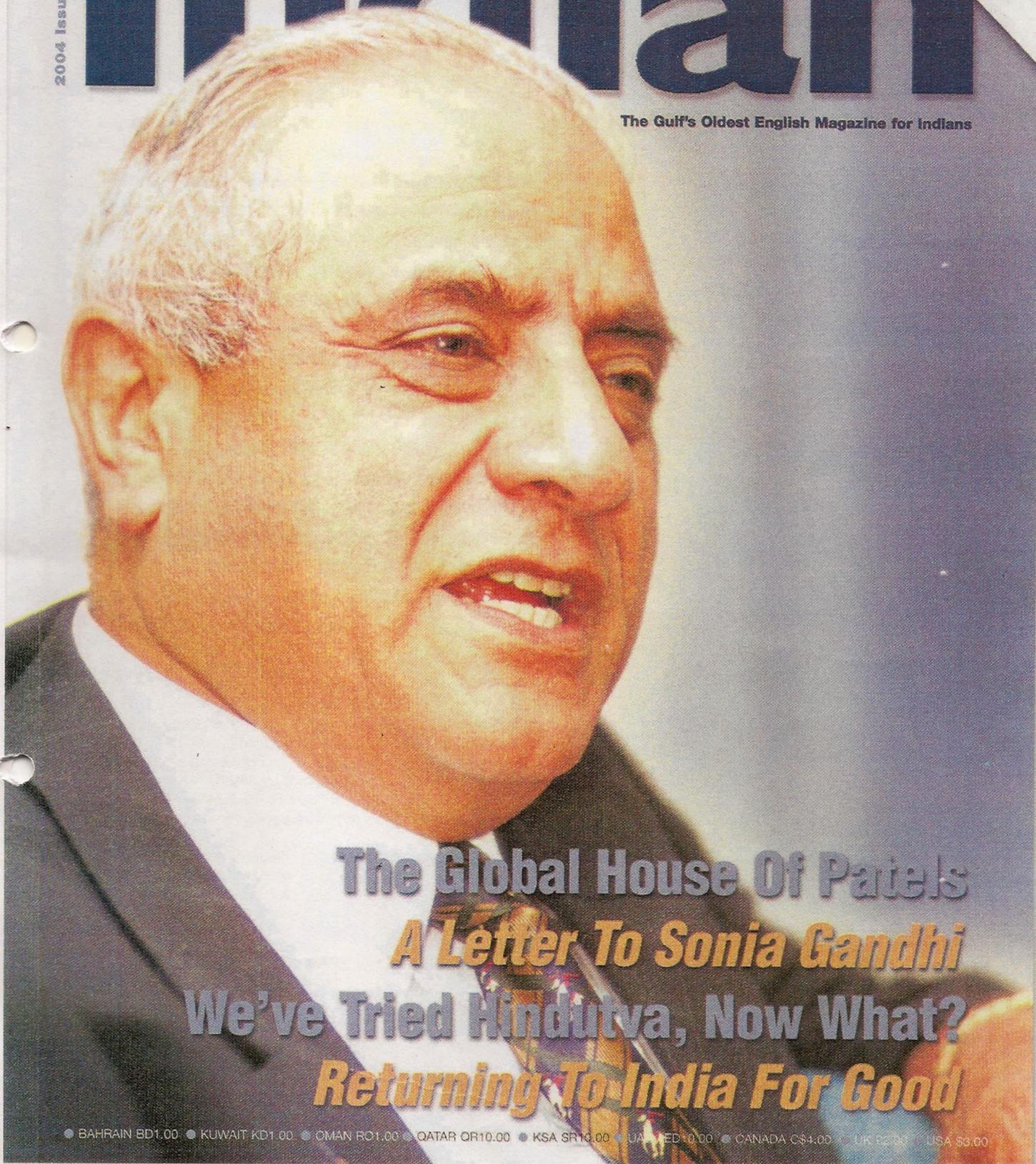
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&  
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2004 Issue 2 of Six

# Indian

The Gulf's Oldest English Magazine for Indians



**The Global House Of Patels**

***A Letter To Sonia Gandhi***

**We've Tried Hindutva, Now What?**

***Returning To India For Good***

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# House of Patels: Indian Roots, Global Presence

Gladson Ronad

When Shakoor Hasham Patel left the rural farmlands of Gujarat in 1917 to carve out a living in Mumbai, little did he know that he was embarking on a momentous journey. Foraying into construction which became a huge business, he moved into the import/export business finally concentrating on manufacturing Faiz caps worn by Muslims. He was known in India as the 'King of Caps.' Eighty seven years later, his son Asgar Patel, Chairman, House of Patels, reigns supreme as the 'King of Transport' and the courier business in India. He has taken the group to great heights with businesses in transportation, courier, construction, financial services, information technology, money exchange and transfer, and futures and securities.

When Asgar Patel was only six years old, India achieved her freedom. And it meant a different kind of freedom for the young lad, who was sent to Scotland from Kutch in India, in order to escape the trauma that many Indians felt at that time. Fourteen years later he returned to his home, refusing to go back to England to complete his education.

It was this obstinacy that caused a rift between father and son and inspired Asgar to start Patel Roadways in 1959. Though many transport companies existed in those days, how did Asgar manage to make it a household name in India? "Public relations has and will always be one of our strong points in the business," reveals Asgar. "I communicated to the public through our logo - the leaping kangaroo with a joey nestling cozily in its pouch - that our trucks were like that symbol, taking their valuable goods across the rugged roads



*Asgar Patel, Chairman, House of Patels, has taken the group to great heights with businesses in transportation, courier, construction, financial services, information technology, money exchange and transfer, and futures and securities*

and dirt tracks all over India, safely! The marsupial was chosen to symbolize speed, energy, survival and care."

Asgar had a choice to make after he returned from Scotland - join his father's burgeoning business called Patel Brothers Topiwallah and bask in the wealth that his father would have bequeathed anyway. But Asgar chose to work as a clerk in Fairdeal Motors under the guidance of a shrewd businessman, R.

*Yasmin Patel, grand daughter Tanisha Pillai, Asgar Patel and Nishqa Pillai*

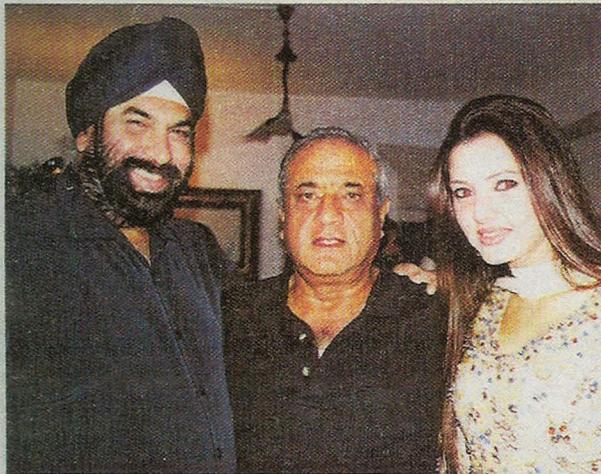
N. Swathy, where Asgar slowly learned the intricacies of the trucking business. "Those were the days of the Nehru era that advocated socialism," reminisces Asgar. "There was a shortage of everything, so transporting goods from one place to another was a good business."

His excellent English accent acquired in Scotland found favour with financiers and soon he gained confidence enough to buy his first truck. His father disliked the idea stating that people from respectable businesses didn't deal in this business. His first loading was from Mumbai to Delhi, commissioned by Glaxo. Since he was so young they decided to "try him out." To save money Asgar drove the truck himself and even unloaded the goods himself to save Rs 8, a princely sum for him in those days. Soon he received more assignments from Glaxo and his base expanded. Most senior executives of companies like Colgate and Glaxo were westerners and Asgar with his English upbringing struck a familiar chord with them, and in the bargain also struck a few business deals.

This was the origin of Patel Roadways. Asgar was an entrepreneur with vision and drive who had the courage to take to the road himself. Today, almost four decades later, the company is the national leader in road transport and logistics and the flagship company of the House of Patels with interests in activities such as Transport, Express Cargo, Air Freight, Tours & Travels, Construction, Couriers, Exports, Finance and Foreign Exchange.

Asgar faced his share of risks during his early years in the business. Once he was stopped by bandits on a highway and when asked to show the goods found that he was only transporting milk powder, besides having just a few rupees in his pocket. The bandits slapped him around a bit and let him go, but situations like these didn't deter him.

The group has come a long way indeed. For years, the House of Patels through its flagship company Patel Roadways has been serving the nation's business houses by transporting their products from one part of India to another. With over 40 years of relentless service to its small, medium and large clients, Patel Roadways has not only provided employment to thousands of talented people, but it also has built an enormous level of trust and confidence with its customers by transporting cargo worth over Rs. 60 billion a year.



Asgar Patel is a keen golfer ensuring he always has a good hole-in-one. Seen here with golfer Surender Singh Khandani and daughter-in-law Kahkashan Patel



Patel with Deutsche Bank officials at a get together at his residence

What was once a one truck show way back in the 60's, today, boasts over 1000 vehicles. Considered one of the most professionally organized service groups in India, the group turnover exceeds Rupees 500 crores a year. Today, the House of Patels has become a symbol of trust - a company people can rely upon. With over 600 branches and a workforce of over 5000 people, Patel Roadways boasts a multinational clientele like Glaxo, Unilever, Lipton, Parke Davis and Brooke Bond, to name a few, and more than 50,000 other clients spread across the length and breadth of India. The company also offers a total corporate logistics package which provides an integrated single-window service from the shop floor to retail outlets throughout the country. Investment in IT and state-of-the-art tracking systems, coupled with containerization of its entire fleet, helps the company to maintain a winning edge over the competition while continually offering enhanced and value-added services to the industry.

Patel Onboard Couriers Ltd was a continuation of the trucking business Asgar was in already. Today the company controls more than 70 per cent of the domestic market, carrying 60,000 kgs of courier material on over 85 flights every day. This includes international flights too. Through strategic links with other leading wholesale couriers worldwide, the POC network spans the Indian subcontinent, Europe, North America, the Middle East and Southeast Asia. The company also operates two IATA-approved divisions - Patel Air Freight that provides domestic and international air cargo services while Patel Tours & Travels offers all travel related services. Travel and tourism has become a focus area with the company having received a full fledged Money Changers License to deal in foreign currency and traveller's cheques. Now the move is towards recognition as a travel house by combining its ticketing, tourism and forex operations.

In 1982 Asgar got his first taste of the Arabian Gulf. On a trip back from the USA via Dubai he realised the importance of setting up a base abroad for money remittance for NRIs in Dubai. Thus Wall Street Exchange Centre LLC was born to exploit the thriving money changing and remittance market in the Middle East. Today, Dubai has become the home base for Asgar and is the flagship of a fleet of exchange bureaux spanning Europe, the Middle East and Southeast Asia. Wallstreet Exchange Centre has

## Cover Story

also positioned itself as a major bank notes dealer in the Gulf with drawing arrangements with some very powerful and novel banks in the Sub-Continent, Europe and America. Today there are 8 branches in the UAE, 24 branches in India and 4 branches in Hong Kong and 4 offices in New York, London, Hong Kong and Dubai.

Its relationship with top banks in Bangladesh, Sri Lanka, India, Nepal, Egypt and Philippines is completely geared to help the expatriate communities of select countries in money transfer, foreign exchange, remittances and travellers cheques. WSEC is one of the most trusted and relied upon exchange houses in the Gulf. Branches are established all around the UAE plus affiliate offices in Hong Kong, U.K., India & Pakistan to service customers faster. Also the Exchange Centre has correspondent relationships with prime banks throughout the world e.g. Natwest, Credit Suisse, Deutsche Bank, etc. including India, Sri Lanka, Bangladesh, Pakistan and the Philippines. They also have direct arrangements with prime banks in UK, Japan, Germany, Saudi Arabia, Philippines, Nepal, Hongkong, Switzerland and Bahrain.

When asked why he diversified into money exchange, Asgar has an interesting answer, "We used to carry cargo, first, now we carry money. The mode hasn't really changed, so in that context we didn't really diversify. First we carried drafts, then we couriered them, and now it's a remote draft. Only the method has changed and as the days go by technology helps us in easing the problems associated with money exchange."

Asgar recalls his early days in Dubai



Asgar Patel, CEO Ashok Kapoor and Joseph Georgie of Bank of Montreal



A get together hosted in honour of the Deutsche Bank officials at Patel's residence



Mr Patel, Beena Khan, Lovita Tanq and Tariq Chauhan

when the late Ruler of Dubai HH Sheikh Rashid bin Saeed Al Maktoum, was so accessible. He remembers how Sheikh Rashid used to walk on the beach in Jumeirah and people would come to him and consult him with their problems. It was this easy parlance with Dubai's visionary ruler that helped Asgar grow his business in the Middle East.

1986 saw the birth of Wall Street Finance Limited, a public limited company offering the entire gamut of financial services like fixed deposits, leasing, hire purchase, auto finance, portfolio management and bill discounting. The company was also granted the Category 1 Merchant Banking status by SEBI and offers merchant banking services to the industry. It was also the first company in India to be given a full-fledged Money Changers license by the R.B.I. and is now operating in 16 Centres nation-wide as a full-fledged Money Changer and has been granted additional licenses at all international airports with two mobile licenses. The company has also received corporate membership of the Vadodara Stock Exchange and is in the process of floating

a subsidiary for broking activities. An excellent track record of growth and a trail blazing record of resource mobilisation has been the hallmark of Wall Street Finance Ltd which generates an annual turnover of about Rs 2000 million.

Further growth plans envisage the company setting up subsidiaries for bullion import and distribution on behalf of Swiss banks and the business of foreign exchange advisory services to importers and exporters within the country. With a tie up with foreign banks, the company is also in a position to assist exporters and importers in obtaining financial assistance for their fund requirements.

Asgar has always moved with the times recognising the need to modernize and stay in touch with the latest happenings around the world. The Exchange Center is the only exchange company in the Middle East to have two IBM AS400 machines that provide the ultimate in security and trouble free transactions to its customers. ■■■

Gladson Ronad is the Assistant Editor of TII.