

NEWSMAKER

Ram Chandra Agarwal

Among the big league of retailers

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Vishal Retail's impressive opening in the bourses more than proves the credibility and business acumen — if proof were needed at all — of its promoter, R C Agarwal. Vishal Retail, which recently had a Rs 110 crore initial public offering, listed at a 75 per cent premium, rising to Rs 472.50 a share against the offer price of Rs 270. It rose by 178.52 per cent at the close of trade on Wednesday — the day it listed — emerging the biggest rise on listing this year.

Agarwal built Vishal Retail from scratch into a chain of highly lucrative hypermarkets and discount superstores. At just 21, he began his career from a tiny 100 square feet shop in 1986 in Kolkata's Lal Bazaar area, selling readymade garments. He scraped together Rs 1 lakh in family savings and loans from local moneylenders to open this shop.

Agarwal slowly grew the business — called Vishal Garments back then — to a few stores in the city. He envisioned a mega store that would sell garments at prices no one could match. This Agarwal achieved through in-house manufacturing.

One of Agarwal's associates reminisces about the days when Vishal Garments was known for the massive rush at the stores around Durga Puja, especially at the abandoned Tiger Cinema that Agarwal had converted into a shop.

But luck was not on his side and Agarwal had to shut shop in Kolkata in 2001, on account of union problems, according to an associate. He packed his bags and came to New Delhi, determined to make it as a big retailer.

Vishal Retail, with a turnover



R C AGARWAL
C&MD, Vishal Retail

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of Rs 50 crore, opened the first hypermarket in 2003. Its turnover today is over Rs 600 crore and its store count stands at 51. Another 32 are scheduled to open this year.

In addition to garments, Vishal Mega Mart stores retail the entire range of household products, FMCG and electronics goods. It offers these at roughly 10-15 per cent less than other mass market labels.

Agarwal says his prices are not a result of a secret formula. “We just cut out the middle-man wherever possible and pass on the benefit to our customers,” he says.

But his formula has struck gold. Agarwal targets the mid-

dle class, which according to him has the maximum purchasing power along with a high expectation of value-for-money without any compromise on quality. Our competitors cannot match this combination, says Agarwal.

Gopal Jain of Gaja Capital, famous for backing first-generation entrepreneurs like Raghav Behl, recognised Agarwal as a rising “star retailer” almost two years ago. Jain, along with the likes of the Anil Ambani family, Dabur's Burman family and Hero Honda's Munjals, had picked up 10 per cent of Vishal Retail for only Rs 200 per share. Today this consortium is sitting on potential gold.

A close associate of Agarwal draws comparisons between him and the founder of Wal-Mart, Sam Walton. “Both are from small-towns, started from scratch and built their retail empire in tier II and III cities. Because of Agarwal's vision, he will reach new highs and will emerge as one of the country's most influential people,” he said.