



ARDUS

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Mr. Jahangir M. Usmanov,
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Interview with
Mr. Jahangir M. Usmanov



The Joint Stock Society of Open Type ARDUS is one of the largest in the Republic of Uzbekistan, and it has begun its activity on May 12th, 1995.

The capital share of ARDUS is mainly formed of foreign investments, which are directed towards financing construction, commissioning of large trading objects, development of wholesale and retail trade, and also to development of household services to the population.

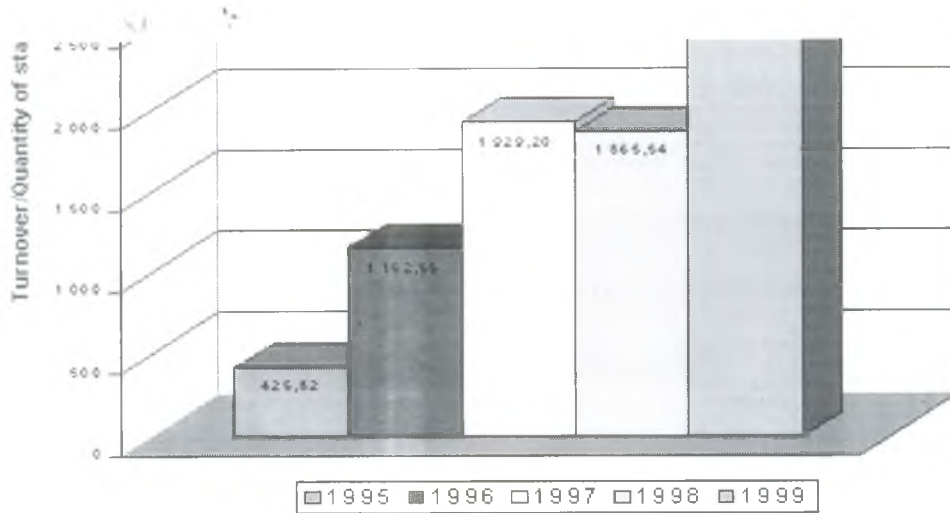
The number of staff working for ARDUS is around 360.

Characteristics of Financial and Economic Activity of "ARDUS" Joint-Stock Company for 1995-1999 (in thousands soums)

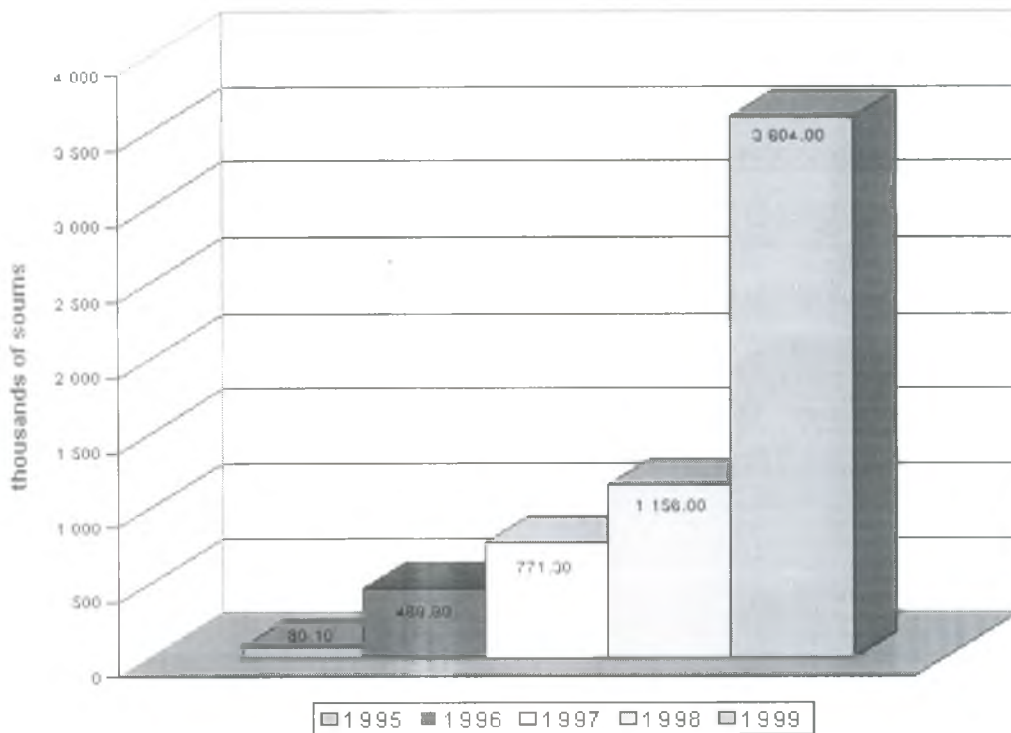
	1995	1996	1997	1998	1999	Change in comparison with 1995
Average quantity of staff	159,00	386,00	455,00	467,00	474,00	101%
Productivity of labour	425,82	1 152,55	1 929,20	1 865,54	3 111,11	167%
Taxes	3 104,70	15 477,50	50 274,00	66 316,96	105 881,00	160%
Total assets	50 000,00	173 709,80	173 709,80	324 730,00	324 730,00	100%
Charity	80,10	468,80	771,30	1 156,00	3 604,00	312%
Household services		2 789,90	5 973,70	7 783,60	7 781,00	100%

Productivity of labour in 1999
Growth in comparison with 1998 - 167%





Charity in 1999
Growth in comparison with 1998 - 312%



The main activities of ARDUS are the retail and wholesale trade, and the development of a network of supermarkets, café and restaurants. ARDUS has created and constantly improved its network of supermarkets which are serving several areas of Tashkent with industrial and retail goods, including essential commodities. In ARDUS supermarkets the modern trade equipment which is produced by the leading foreign companies is also available.



In ARDUS supermarkets there are more than 2500 items of food products and more than 2000 items of industrial goods, and these goods are delivered by the highly developed countries of Europe, USA and Australia.

Consequently, ARDUS finalized import contracts on a consignment base with the total amount of about \$ 53 millions, for delivery of food and consumer goods for the population of the Republic of Uzbekistan through its supermarkets.



The main objects of «ARDUS» are the following:

- three Supermarkets with the general area of about 3000 sq.m., which are located in Tashkent in the following addresses:

"Ardus1" – Amir Temur street,

"Ardus2" – Matbuotchilar street, 17

"Ardus3" – Chilanzarskaya street, 88

- elite men's shop with the area of 100 sq.m.

- jewelry shop with the area of 100 sq.m

- cafe with the area of 300 sq.m.

- warehouse premises with the area of about 1500 sq.m on the ground plot with the area of about 7000 sq.m.

Moreover, ARDUS purchased control package of the shares of Joint Stock Society «Zarafshan». For realization of this plan of investments in Zarafshan, there were invested about \$ 4 millions, or more than 300 millions Uzbek Soums, for the construction and the commissioning of various premises in the building of the former restaurant «Zarafshan» where the huge complex has been created. This complex includes a supermarket, a bank office, an elite men's shop, jewelry shop, restaurants and cafe, a concert hall, a billiard club, a beauty salon, cafe "«Ardus FM Burger", and also a hall of game machines, where it is possible to spend a wonderful time by playing fascinating games.



Furthermore, a department for producing macaroni and ravioli has been recently created, which is realized all over Tashkent City including the ARDUS supermarkets.

One of the main activities of ARDUS is the organization of various shows and entertaining programs in the Concert Hall of Zarafshan which can host almost 450 spectators at one time. The shows are organized according to our own experiences with the foreign industry of entertainments, and we accomplish this task using a principle of association of the restaurant with the theatre. The design of the large hall with cosy little tables located on terraces with muffled light helps to relax, and creates an atmosphere of easiness.

The stars of Uzbek pop-music act with great success in our theatre, and various programs such as fashion shows and beauty contests are organized in the Concert Hall Zarafshan. With great success there are also concerts of foreign interpreters such as Irina Allegrova, Natasha Korolyova, cabaret-duet "Academy", ballet "Todes", Alexandr Buynov, Laima Vaikule, Marina Khlebnikova, Anita Tsoy, and the gipsy theatre "Romen". Moreover, we also display the most popular movies with the help of modern stereo systems and DVD equipment.

The Joint Stock Society of Open Type ARDUS renders sponsor's support to many organizations, and among them are the following: the chamber orchestra "Young talents of Uzbekistan", Federation of Uzbekistan "Kekushinkai" and football team "Pakhtakor".

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Interview with Mr. Jahongir M. Usmanov

General Director

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Could you give us some more background information on your company in terms of its history, structure and main activities today?

ARDUS is a joint venture between Uzbekistan, USA and Switzerland, which was created in May 1995. Today our company has the largest supermarket network in the country, based on our main approach, which are supermarkets with retail trade. In September 1995 we opened the first supermarket near the Alay market in Tashkent. At that moment there were already several large shops called supermarkets operating in Tashkent, and initially we did not even think whether it would be a large shop or a supermarket or even the name of it. Moreover I should mention that it was not us who called it a supermarket but rather when people started shopping here they started also calling it a supermarket. When we were involved in the document preparation for our business we understood that it meets the criteria of a supermarket. We had fully understood the task that supermarkets have to play, and it was very important for us because at that time we had already a plan to open a network of supermarkets. Of course, I should mention that our investors the American and Swiss companies, were very important for us right at the beginning of our activity. In 1995 our country was still young and consequently businessmen realizing that our country has a lot of potential made the right decision by choosing to invest in Uzbekistan, which was of course possible due to the policy in Uzbekistan conducted by the president and the government. So, they trusted our country, our leader, and the potential of Uzbekistan and that was the major reason we have our company and that we have wide cooperate with others.

Today we employ about 800 people and the average age of our workers is about 26 years old. As you see our company is very young in terms of its age and the age of its employees. The reason young people work for us is that due to the changes that took place after the fall of Soviet Union, they have finally received an opportunity to show their skills and abilities. I would like to point out that during the times of the former Soviet Union, a person who was talented and capable could not fulfill their potential, whereas now we tend to push our youth to be creative not only within our company but also for country as well.

Are your products mainly imported or are they local and what types of products are they?

As I said before we chose a few approaches and the most important is to supply high quality goods with a high service level for our customers. In 1995 we imported really high quality goods for Uzbekistan, which was a bit expensive for the people but nevertheless they realized what a high quality good means. Due to the changes taking place in the country I must note that the production of food and non-food products is rapidly developing, and if you come to our supermarkets you will see that the percentage of goods produced in Uzbekistan has highly increased.

What is your target group here?

As our country is young the market is also very young and therefore in my opinion certain kinds of rules in the market that we studied are not valid sometimes because our market has its own peculiarities. The reason is that our country went through a transition period from socialism to the free market economy and we are obliged to learn the rules right in the process of transforming. So, while targeting our customers it is really hard for us to tell at the moment who are our main customers. It probably sounds odd but if you visit our supermarkets and spend about three hours there you will see that customers are mainly those with average and high level of income. At the moment, we are trying

to expand our approaches in order to cover and attract the other social layers of the population

Can you give us some more figures in terms of your turnover last year?

The turnover last year made up slightly more than 1,3 billion sums.

Can you tell us more about your cafes and are there any new projects in the future? Do you want to broaden your activity?

As I mentioned before our main activity is to further develop the supermarket network. However, besides the supermarket network, we have also a network of small shops, which mainly sell clothes. We are currently working in Zarafshan complex which is a historical place, highly visited for many years and it is located in the center of the city. It always has been the most popular place for rest among the people and the guests of Tashkent. Due to the worsening of the economic situation during the Soviet Union this place had badly deteriorated. Nevertheless, the investments and the profits earned here helped us to reconstruct and revive the complex. It should be mentioned that the dividends earned here by our investors during two years were reinvested to the further development of Zarafshan complex. After the initial renovation of the complex we started establishing and setting up other activities, such as the creation of the supermarket, the reconstruction of cafes and restaurants, the opening of a billiard club, automatic playing machines for children, and a commercial bank inside the building. There was created a large and unique concert hall which is unique not in the Central Asia but also in the territory of the former Soviet Union.

Actually many journalists ask the same questions. Our goal was not just to start our business quickly, and create a supermarket where we bring our goods, but rather it is more complex since it involves many people and a huge material and technical base. Moreover, our system is also computerized. Our plans in the near future is to expand our material and technical base for provision of everything we have already created, which is due to the competition we have at the moment. I think that we should not get involved in the super projects which might seem attractive at this point, but to concentrate on improving the customer service. Since the competition is getting stronger we won't be able to realize our plans without a strong financial position.

As for the long-term plans, we are still planning to expand in the same direction, and consequently into going to produce new products but to expand and develop what we have today including our supermarkets, restaurants, show business, etc.

Could you tell us a little bit about your background and also what would be your final message to our readers that are potential investors to Uzbekistan?

I am 32 years old and I was born in Tashkent. I graduated from a secondary school, and after I got enrolled into the university, after my freshman year I was sent to serve in the Soviet army, for two years. Then I continued my studies in Tashkent, and I graduated from the Institute of Irrigation. After that, I started working at the «Lada» car repair factory for 5 years.

After our country gained its independence I realized that I had to study more. Then I decided to go to study in Australia, but by that time I was married and took my wife there, and our son was born in Australia. I graduated from an institute there and started working. I met many businessmen who gave me a lot of ideas in regards to business activities. Consequently, all those business relationships played a big role in creation of our company.

As to my message to the readers, first of all, I'm flattered that your magazine has shown its interest not only in Uzbekistan but also in our company. I would request your readers that are not familiar with Uzbekistan yet to try to find out more about our country because there is still a lot of potential that needs to be explored. I hereby also invite all of them to come and find out themselves, because seeing in reality is totally different from reading the magazine. So, please come and find your partners or friends.

NOTE: WINNE cannot be made responsible for the content of unedited transcriptions.

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