

# **H L DE MEL & COMPANY 150 YEARS OF INTEGRITY**

Celebrating a journey that spans 150 years, H L De Mel & Company can be best described as the doyen of Sri Lankan entrepreneurship. Now in its fifth generation, the company is a model to local enterprises on the principles of integrity and honesty that helps a business thrive through the vicissitudes of a nation. Romesh De Mel, Managing Director, H L De Mel & Company spoke about the company as it marks its 150th year, to shed light on a family-owned enterprise that respects and maintains the highest values and business ethics, while taking active steps in ensuring environmental sustainability and fulfilling their responsibilities to society.

By Udeshi Amarasinghe and Jennifer Paldano Goonewardena. | Photography Menaka Aravinda.



*Romesh De Mel, Managing Director, H L De Mel & Company.*

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### **Can you tell us about your company's journey, which is 150 years old?**

My great grandfather Jacob De Mel started this company in 1870, and this building was constructed by my grandfather Sir Henry De Mel in 1921. We were the first company to export the first graphite stone from Ceylon, which is in the American Museum of Natural History in New York. My great grandfather Jacob De Mel received an award for exports way back in those days. The company went on to invest in coconut plantations in Melsiripura, Chilaw and Bingiriya. We had 6,000 acres of land, of which we lost nearly 90 percent to the Land Reforms Act in 1974.

When some of our properties were nationalized, we had to be paid compensation under the Land Acquisition Act, but one case took over two decades and we received the judgment in our favor after 25 years. Even after the judgment, we are yet to receive compensation. This case was filed during my father's time. This can be very frustrating because if we had more money, we could have invested and helped the employees, but we are treated unfairly because every government that comes into power and the minister in charge gives priority to the well-known companies. Doing the correct thing will not make them popular or happy, so they in return make people like us with integrity feel frustrated.

The De Mel Building on Chatham Street, which was constructed in 1921 is a heritage building and we have exciting plans for property, once we diversify. Ours is not merely a celebration of the 150th anniversary, it is a celebration of a journey, and it is also to thank everyone who has been part of our journey.

**Your family has made a significant contribution to Sri Lanka, in agriculture and business, given that H L De Mel and Company does not come into the limelight, what are the achievements of your company?**

We are considered as a small and medium enterprise. Melsiripura in Kurunegala was established with the land donated by our grandfather, and hence the name Melsiripura was named, not by politicians, but by the people of the area who requested him to name it after our family. Our grandfather also donated land in Melsiripura for several schools. We did not live off that name, and every generation has made a contribution to this country. We still do a great amount of social service for the people in the area. I do not think any other privately owned plantation company, which has lost so much of land has continued to engage in social service. For example, we built 80 houses for the homeless, we built a library, and we have helped schools with medical facilities and water schemes and even today, we continue to engage in social work with the income we have.

Our primary business is managing coconut plantations, with 750 acres, lately diversifying into five acres of cashew, cinnamon, mango and pepper. Our main crop is coconut with the others being inter-crops. We also cultivate paddy and have now also gone into the cultivation of dragon fruit on a small scale. Cashew is sold to buyers who may be exporting it and mangoes are for the Sri Lankan market.

**What are the challenges you face in managing your plantations?**

The last Government never interfered with our estates, but I am happy to say that this Government has realized the value of agriculture and the value of the environment. The Pradeshiya Sabha members under several past governments had this idea that anyone who owned land was very wealthy. They think that land gives you a lot of money. But agriculture is very risky due to climate change, you could have a good harvest, but next year it can be bad. It is not consistent, there can be a drought or too much rain or less rain, for instance, for cashew you need less rain, while for coconut cultivation, you need substantial rain. Such aspects affect our business. When they see large portions of land, some members of local councils ask for a piece to put up a building. They will not ask a government-owned estate for land. They always come to our estates because they want the most beautiful piece of land.

At the moment, a railway track and a highway is going through one of our estates. If it is for the good of the public, the De Mel family has never been against it. But a member of a local council in order to become popular will want to put up a meditation center or school playground and the first thing they want to do is acquire our land. I have been fighting for this for the last 25 years as a Managing Director. This is our battle. I explain it to the people that if we sell our land, the income I will get in a month will be more than what I will get in a year doing this business. Many do not know that we are doing a great favor for the country. But personally, if I want to benefit I would sell the land, as the land value is extremely high and live comfortably. I wouldn't want to do that as the land would be destroyed and valuable trees might be cut down and unsightly buildings would be constructed. We have made many sacrifices as a family-owned company. I hope in the future that people will be educated. I do not think there is any other family that has lost so much. We have lost property in Colombo, estates, mines, farms and nearly 60 to 70 percent of the compensation has not been paid. With all that we still engage in charity.

### **What is the ethos of your company?**

Our vision is to be the best plantation company in Sri Lanka, with a happy and contented workforce. As a company, we focus heavily on maintaining an environment of cleanliness and efficiency. When I traveled to Singapore few years ago, I learnt about cleanliness and efficiency and since then the staff at our head office, and some employees in our estates have been sent to Singapore to learn about cleanliness and discipline and to learn how Singapore has developed on limited resources. Having learnt a lot on this tour, they maintain very high

standards of cleanliness. I was also influenced by Bhutan and its focus on creating happiness in its people rather than focusing solely on growth. Though its people may not be very wealthy, they are happy and contented, because the air and the environment are clean. The point is, as a country that is focused on development, whether our people are really happy. Therefore, our company with its heritage has remained out of the limelight, while focusing on creating a happy workforce.

**The De Mel building being a heritage, can you tell us about its beginnings and its purpose?**

This building, I believe was initially used by a merchant's chamber, the Chamber of Commerce, while several firms have used this building as offices. Most tenants have left, since we want to renovate this building. We want to start a very informal tourists' advisory service here and a café that will be open to all. We want to encourage tourists to read in our library and seek our advice on where to tour while in Sri Lanka. That is how we want to move forward in diversification.

**As a company that was established by a Sri Lankan, it is now in its fifth generation. Can you tell us the success of the company and how it has survived going forward?**

What has amazed me is the unity in the family to retain the company within the family for so long, when even a public quoted company may change hands. It is often said that a family company does not survive after the third generation. For me, to have passed the baton on to the fifth generation is an achievement, and I believe it is so because of integrity. As a family, its members do not doubt the finance aspect of operations, because although we are in the plantation industry, we invest in the stock market and invest in properties, and manage several outside properties and houses, but the members of the family know that the money is safe, which has not led the family to split. This company is jointly owned by my father's and his brother's families, whose members are directors. Although they belong to the De Mel family they are two branches of the De Mel family and to be united for so long, having my aunts and uncles who have left their properties in a Trust after their passing as they had no children means that they trusted us. The Joan De Mel Trust, which includes the Melmedura and the Sumithrayo was started by my aunt, the properties belonged to my father's brother Lakdasa De Mel, who did not have children, and they left their property in a Trust, which I chair. The properties in Colombo are managed by our company as assets. We also manage the properties and assets of the present generation of the family.

**Given the increased focus on environmental sustainability, how does your company align its operations to adhere to this requirement?**

We are great lovers of the environment and about 15 years ago when environmental protection was not spoken much about, we created awareness in the villages about the environment. Unfortunately, people still do not understand the value of the environment. The English media creates a lot of awareness as seen in the articles in the English newspapers. The Sinhala newspapers focus on politics in the sections read by the majority, while giving very little importance to the environment. We are sending the wrong message, and because of that some of the schools are not educating its students, which is resulting in them damaging the environment.

If you go out of Colombo, you will see concrete covering even the paddy fields. We conduct environmental programs in Melsiripura on cleanliness by distributing leaflets and books among the people, but they do not understand. The school, which was donated by my grandfather has paper strewn all over at its entrance. I do not allow a single banner to be put up in front of our estate, but this school has put up three banners and despite the new Government encouraging people to clean up the environment, the Principal has not realized that it is illegal, despite the law stating that such banners cannot be kept over a certain period of time. The Principal has had three banners pointing towards his school, banners advertising the sale of land for the last several months.

Being apolitical, we support the good things of any government that is in power. The last Government had less posters and less banners than its predecessor, and fortunately under the new Government, there have not been any billboard put up. Those days we used to have huge cutouts in front of our estates, and now there are no cutouts. Towns are cleaner, but people have not internalized the fact that they too are responsible to ensure cleanliness. If you go behind the shops in Melsiripura, the entrance and facade are nice, while the rear is full of garbage.

We are very concerned about the environment, and I am happy that the trend today is focused on the environment. My passion is to see that the environment is beautiful. Tourists will not come to see concrete jungles and uncompleted buildings in the outstations, they would rather like to see greenery. We have grown a mini-forest in our estate, where we have planted several trees, of which people may not even know the names of. Anyone visiting our estate will see about 25 different trees. We have built a lake and grown Kumbuk trees around it, the lake built nearly

three years ago by the company in an expanse of three acres, provides ground water.

**We see a lot of new companies coming up, which are looking to make money fast, but as a family owned company you have shown that hard work and determination ensures that a business will be long lasting. New companies also look for publicity all the time. But your company has been low profile and modest in your approach. What would be your advice?**

I would advise new companies to think of sustainability in the long-term, and to look after their staff. We, as a company always think of our employees and even sacrifice our personal benefits for the sake of our staff. Whenever, I send a staff member abroad, my wife and I travel with them, and our tickets and expenses have never been charged to the company. I draw a small salary, sometimes less than the staff, because I want the benefit to be given to the staff. You may ask how I benefit from all this. The more we invest correctly and the more we do rightly, we will reap higher profits, which is used for the benefit of the employees. The laborers are provided with very good housing on the estate, they are given a uniform, and they are also given good water and sanitation facilities. We ensure that they are looked after, likewise our staff at the head office are also looked after.

I do not mind companies developing and making a lot of money because entrepreneurship is very important for Sri Lanka as you generate more jobs. Dynamism is vital for today, but while doing that the greed factor must not dominate.

**Generally, members of family businesses after a few generations tend to enter politics or get close to politicians. This is an aspect your family never did and you are with the people. What makes that difference in your family as even the next generation is not inclined towards building political affiliations?**

We find that we can do a better service this way. We have made a model in Melsiripura as an example to show the people and the administrators our style of doing things. Our estate is not a typical estate, but a model, meaning the difference in the way we treat our staff and workers and how we maintain our buildings, the way we keep the plantation clean, green and beautiful, so that the rest of the country can see the value of trees to the environment.

We did not get into politics, rather our view was that if we together with our team make a model, the politicians and the country could learn. People do say that when traveling from Colombo, the best plantation they see is ours, because some of the estates have been chopped up or have been neglected. Sadly, the people and the politicians, the schools and the members of the local council do not appreciate our efforts, which I am surprised about, because in any other country people will try to lend a helping hand to such efforts. But in Sri Lanka, instead they ask what we can give them and what we can give more. Such an attitude hurts us because they do not appreciate what we have already done.

We are low profile but now I feel such an opportunity will make many people to re-think, especially the politicians and the people who are selfish. Of course there are lot of companies hit by the economic crisis and you have to feel sorry for them. But there are private companies who only think of increasing their wealth without making a contribution to their country.

### **What has been your journey thus far?**

I went to Trinity College Kandy. My father, grandfather and great grandfather went to Royal College. I was at St Thomas' Prep and in the fifth standard, when I could have gone to Royal College or St Thomas' College, I opted to go to Trinity College, Kandy as I had a friend in the vicinity who was at Trinity College and knowing that the school was good at sports, I wanted to be involved in sports. The life I chose was a difficult path, I don't know why, because I had a very comfortable life in Colombo. I opted to live in the school hostel. It was a shock to me at the age of 12, when I had to go to the boarding and make my own bed and rough it out, because people think that Trinity College is a luxurious school but the boarding is not. I learnt to sacrifice, which has made me even today to sacrifice my salary and comforts for the sake of the greater good. That helped me in my career as well. I explained my background to show that I am disciplined in my thinking, and hence, I travel abroad using my own finances, in fact I have never used company funds for overseas travel. I don't use a company car, I use my personal car. The double cab used for visiting the estates is strictly used for that purpose only. I am very contented because at the end of the day, your staff and employees and family are always with you.





My daughter is in the US and she is a qualified environmentalist. She decided to do environmental and conservation studies even before these became buzz words or a fashion. That was at the age of 15. She is the one who got me to think more about the environment. She completed her degree in Environmental Science and Biodiversity at Imperial College and Oxford University in the UK. She worked with EFL (Environment Foundation Limited) in Sri Lanka and had to deal with the Government department for five years, though at times she felt frustrated with the systems. Just like her father, she too sacrificed and worked for a very small salary and she worked on the Wilpattu issue and, also it was during that time that a law was introduced on noise pollution. Then, she wanted to do her Masters in Climate Change. We encouraged her to apply for a scholarship, which she won to attend Columbia University. She is very far thinking, because again climate change has become hot topic only in the recent past. She completed her Masters at Columbia

University. She has now been in the US for five years, and is working in New York at the Columbia University and NASA on climate change. She has ten years of experience in this sector. She will come back to Sri Lanka and be a part of the Company in a few years' time. My nephew and my daughter are the next generation of the Company. My first cousin Hema De Mel, is the Chairman of the Company. His son, Randika is presently a director of the Company. Randika did a BSc in Finance and Supply Chain Management in the US and a Masters in Development Practice in International Development.

My hope is that the next generation will take the Company to the next level while continuing the values enshrined by our ancestors. My earnest wish is that our country will become a beautiful country in every way.