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DIVERSIFICATION

.....to fresh woods and pastures new

MILTON, Lycidas

When he had firmly established himself in the textile industry,

Kalaithanthai was led by circumstances to enter fresh fields.

1

Sugar Industry

Kalaithanthai was not very much interested in the sugar industry. Kallal A.M.family had a small sugar mill at Mayilpatti in North Arcot district. They offered it to Kalaithanthai in 1950. But he stopped with giving advice on how to run the factory and sending one of his officers to assist. But he was soon drawn into the industry. Madura Sugars in Pandiarajapuram had obtained advance against shares from Sir James Doak of the A & F Harvey Mills, and subsequently A&F Harvey and Co became the managing agents of Madura Sugars.

On the eve of his departure for England, Doak was arranging to sell his shares to Dalmia. One of the directors, Thiru P.T Rajan, was opposed to the shares being sold to a person outside Tamil Nadu. Doak offered the shares to P.T.R. himself.

When PTR failed to respond, Doak contacted Kalaithanthai. It was a new field but Kalaithanthai, after giving the matter some thought, felt that, as it was a very small factory, he could run it easily. He accepted Doak's offer on condition that he was entrusted with the management of the factory. Unable to make alternative arrangements within the short time available, PTR and Soundarapandian agreed to the proposal and

later sold their shares too to Kalaithanthai. Under Kalaithanthai's management new machines were installed and the production increased greatly.

In Pennadam, the Aruna Sugar Mills possessed an unused license from the Central Government and the Chief Minister Kamaraj wanted Kalaithanthai to start the mills but before Kalaithanthai could act, another industrialist took over the license.

There was a sugar mill on the banks of the Godavari in AP - Tanuku Sugar Mills. The sixteen partners of the factory were divided into two groups and there were constant clashes affecting the working of the factory. Both the groups sold the mill to Kalaithanthai through a broker. Changing the name to Sivakami Sugar Mills, Kalaithanthai invested a few lakhs in it.

2

Pudukkottai Co and Pudukkottai Corporation

In 1942 the Indian Government issued the Yarn Price Control Order. The mills could sell yarn only at the price fixed by the Textile Commissioner.

“For twenty years we have sweated, working against heavy odds and overcoming crisis after crisis and just when we are about to break even, the government interferes. It is not fair,” said Kalaithanthai. “The government seems to say, ‘Heads we win; tails you lose’”

To get over this situation, Kalaithanthai founded the Pudukkottai Company and the Pudukkottai Corporation in Pudukkottai, which was a separate State and beyond the jurisdiction of the Indian government. Sree Meenakshi group of mills sold the yarn to these companies for the price fixed by the Government. They in turn sold it to merchants at the prevailing market rate. Thus the Pudukkottai Company made huge profits. The

Bank of Madura opened a branch at Pudukkottai. Kalaithanthai used the income of the two companies to start new mills and to found educational institutions.

3

P. Orr. & Sons

It is possibly one of the oldest British Companies in India, having been started in 1849. There does not seem to be any company older than this in Madras. Initially it was engaged in selling watches, rifles, guns and instruments for land survey. Then it took up the sale of different types of clocks, precision engineering instruments, silverware, and consumer items and even manufactured some items. Kalaithanthai would often visit this concern to buy various items. It was here that he bought the table used by Robert Clive, who laid the foundation for the British Empire in India. He became acquainted with the directors of the company. One of the British directors sold his shares to Kalaithanthai for Rs 25,000 on the eve of his return to England. Within two months Kalaithanthai got a cheque for Rs 8,000 as dividend for the previous year. Subsequently Kalaithanthai bought more shares of the company. Simpson & Co also had been buying shares of the company and soon Kalaithanthai and Simpson & Co had the same number of shares. The directors of Simpson & Co told Kalaithanthai either to sell his shares to them or to buy theirs. Kalaithanthai bought their shares.

Whatever field of industry he chose, Kalaithanthai was successful because of his keen intelligence, experience in management and the ability to take quick decisions. Now the concerns have spread like a banyan tree and provide employment to countless people.