

A portrait of Mr. Dinesh Athapaththu, a man with dark, curly hair, wearing a white button-down shirt, sitting in a black office chair against a blue background. The quote "QUALITY IS NON-NEGOTIABLE IN PHARMACEUTICALS." is overlaid on the bottom of the image.

**“QUALITY IS NON-NEGOTIABLE
IN PHARMACEUTICALS.”**

Mr. Dinesh Athapaththu Managing Director - Morison Limited

Interviewed by: Lihini Senevirathne, Thisuri Yahampath
Transcribed by: Lihini Senevirathne, Thisuri Yahampath
Photographed by: Sheshan Premalal

Q Who is Dinesh Athapaththu? Tell us about the aspirations behind your success.

By profession, I'm an Accountant. I graduated from the University of Kelaniya with a degree in Physical Science. In the meantime, I followed CIMA (UK) and started my career as an accountant. I mark the inception of my career at Brandix in 2004. When I joined Brandix, I was under the impression that I possessed sufficient qualifications to do well in the corporate world, but it is only at work you realize you have to set aside your degrees and start

understanding real business. Afterwards, I moved to Good Hope of Asia Holdings with over 100,000 hectares of palm oil plantations in Indonesia, and I assumed duties as a Financial Controller and was then promoted to a Regional Controller.

Having gained experience there, in 2016 I returned to Colombo and decided to join Morison. Although my background was finance, I have always been an operational finance person, not a hardcore accountant. What I gathered about Morison was that it was a long-standing company in Sri Lanka

that was acquired by Hemas in 2013. It was a place that promoted change – the perfect place for me to grow and groom in my career. In 2019, I was appointed as the Chief Operating Officer, and in 2021 April I became the Managing Director at Morison. What inspires me the most about Morison is that it enables me to make a difference in the lives of our fellow Sri Lankans, creating a lot of room to give back to the society, which makes me want to wake up and come to work every day.

Q As the largest oral solid dosage pharmaceutical manufacturer in Sri Lanka, how does your company manage to keep a stable market for such a long time amongst other competitive companies in this field?

At the beginning, Morison was more of a trading company. Within the last 4 to 5 years, we transformed to a healthcare company divesting unrelated product portfolios from agriculture, to food, to cosmetics and many more.

Coming back to your question, yes, we are the largest oral solid dosage (OSD) and oral liquid dosage (OLD) pharmaceutical manufacturer in the country in terms of volume, but we are a fraction of the overall market. In Sri Lanka, the total pharmaceutical market is 130 billion Sri Lankan rupees and out of that, over 85% is imported. Out of the locally manufactured 15%, we are one of the largest companies, but that doesn't mean that we are the largest pharmaceutical company in the country. The pharmaceutical manufacturing industry in the country hasn't grown in such a way that we really could compete. If you take the total Sri Lankan pharmaceutical market, since we have a free government healthcare system, 40% of pharmaceuticals are dispensed through government hospitals, and the remaining 60% is dispensed by pharmacies which we call the private market. In this private market, only 5% is manufactured in Sri Lanka. Therefore, for us, the real challenge is to compete with the imported brands, and build trust in locally manufactured pharma brands, reducing the dependency on imports, which is

more critical than ever under the current economic conditions.

Q Quality assurance is essential in the production of pharmaceuticals. Being the 1st OSD/OLD pharma facility built as per EU-GMP (European Union Good Manufacturing Practices) specifications in Sri Lanka, how do you maintain the quality of your products?

Quality is non-negotiable in pharmaceuticals, and the industry is highly regulated to maintain the quality of products. If there are any adverse effects due to your products, you cannot remain in the industry. I said Sri Lanka manufactures only 5% of the private market, what is the reason for this? One of the key reasons is, for us the customer is medical professionals. In other words, when you go to a chemist, they need to dispense a product prescribed by a doctor. For doctors to prescribe locally manufactured products we need to gain their trust. That's where EU GMP quality compliance comes in. Globally, there are EU GMP, UKMHRA, USFDA, and PICCS as the recognized international pharma accreditation bodies. The world accepts the quality of your products if you are accredited as per one of these standards, assuring that your processes are robust, and as such your products going out of quality is remote.

Therefore, in our new plant at Homagama, our quality management systems comply to EU GMP guidelines, which of course is very new to Sri Lanka. In terms of EU compliance, it has many aspects such as the quality of your material, how you process your material, quality tests conducted and quality parameters monitored, maintenance of the right environmental conditions etc. We are 100% compliant and that is the competitive edge we look forward to establishing, despite the cost escalation such systems invariably create.

Q What is your potential to compete with other global pharmaceutical companies to export your products, and what are the initiatives your company has taken to bring in export revenue?



“We believe this is the best opportunity for local manufacturers like us to come forward and manufacture pharmaceuticals at quality levels equal to international standards and offer them to Sri Lankans at more affordable prices.”

This is a highly regulated industry. When introducing a new product, we need to do R&D batches, optimization batches and then, process validation batches. Thereafter, we check the product’s stability by placing the product under extreme environmental conditions throughout a designated time frame, to check whether the product remains in the same quality level. Then only can we apply for registration, as we need to be absolutely cautious. As such, before launching any product, it takes close to two years for the product development process. In addition, for exports, ideally, we first need accreditation from an international body, and our plants and products need

to be registered in the exporting country, and after developing a product, it first needs to be established in the local market, before applying for export product registration.

We have invested over LKR 4 Bn to build our new manufacturing plant, which is the highest investment in the Sri Lankan pharma manufacturing industry thus far. Now, we are investing in quality management systems and getting our teams trained to face international audits, to be eligible for registration to commence exports within the next 2 to 3 years.

Q You are focused on providing high-quality, affordable medicine for all Sri Lankans. How does the current dollar crisis in Sri Lanka affect this concern?

The scarcity of dollars is making a huge impact, as all raw material and certain packing material is fully imported in Sri Lanka. This has not only made material availability difficult but has also severely impacted our cost base.

However, this is certainly not the time to shy away, hide or blame the circumstances.



In fact, we believe this is the best opportunity for local manufacturers like us to come forward and manufacture pharmaceuticals at quality levels equal to international standards and offer them to Sri Lankans at more affordable prices, winning the trust of the nation and saving much needed foreign exchange. We assure to be a beacon of hope for the country in terms of pharmaceuticals during these tough times, by building strong brands that people can trust, and deliver our purpose of “Making Premium Healthcare Affordable”. Economic conditions will be tough, but we are determined to aspire for long term growth.

Q Morison reported a strong growing revenue with an increased production volume despite the pandemic. How did Morison maintain the organizational resilience amidst these conditions?

We need to have people to make everything work. With the outbreak of the pandemic, the first thing we ensured was the safety of our team. As a result, we were very careful with our protocols. We implemented strategies to bring factory employees safely to the factory, to make their working environment safe, to send them back home, to educate them on

how to spend time at home stress-free and to declare any concerns – all of which were quite fruitful. Therefore, as you said we were resilient, and our objective was to enable a smooth and consistent operation during the pandemic, to ensure our commitments are delivered and the market is adequately supplied.

Q What are your strategies to make Morison, a company that stands out in the pharma industry in Sri Lanka?

Our prime focus is to build a strong and credible pharmaceutical brand in Sri Lanka. We are a truly Sri Lankan company, that has the space and capacity to build that brand through a “market differentiation” approach. It is important that we build a basket of brands, and our preliminary focus is on diabetics, cardio, and vitamins. Our new state of the art manufacturing plant with advanced R&D capabilities, can facilitate introduction of such new molecules manufactured as per international standards, at quite affordable prices.

We have already embarked on this journey by launching Empagliflozin, an advanced next generation Diabetic molecule, which seems to be having sound traction in the market. Many more novel molecules are further lined up. In addition, we need to have the right team to put these into practices by winning the trust of our key stakeholders, and ensuring the medical fraternity is well aware of the Morison brand. Therefore, we have focused training programs and strategies to develop a medical marketing team that takes an ethical promotional approach with a sound scientific knowledge.

Further, we are a part of Hemas, which has strong relationships with some of the global pharmaceutical companies. We are currently working with some of these pharma giants to come and manufacture their products in Sri Lanka through contract manufacturing arrangements with Morison. That way, we can further learn how these international companies maintain their standards, which in turn could expand our export basket as well.