Executive Summery

Sri Lankan pharmaceutical industry has prominence from the present government regulations that support the local manufacturing of pharmaceuticals. In the face of this factor, many individuals and companies have come forward to invest in this trade, which seems to have lot of potential locally and internationally. From global point of view, this is favorable not only to those who are engaged in the trade but for all the Sri Lankans as a country.

At this very important juncture, Hemas Group PLC came forward to acquire one of the major pharmaceutical companies in Sri Lanka, namely J L Morisons PLC. Hemas as a conglomerate is in to wellness and enriching lives through innovation. Hemas began its journey as a pharmaceutical distributor and expanded their wings in to many industry verticals such as fast moving consumer goods, leisure, healthcare etc. The Hemas board saw JL Morisons as a good match to their portfolio and the retired chairperson of JL Morisons saw Hemas as the best foster parent. Keeping to the same trust Mr. Regi Abeywarna had, J L Morisons has shown a commendable growth during the last three years and has become the largest generic manufacturer in the country by now.

From the own words of the managing director Trihan Perera "Revenues showed a robust growth of 23% YoY to Rs. 3.7Bn. The Company also reported a strong Operating Profit growth of 42% YoY to Rest. 461Mn. Owing to the more focused and streamlined approach on the Company's product offerings as well as improved operating processes, the Company improved the Operating Profit Margin by 170 bps from 10.7% in 14/15, despite the volatile macroeconomic market conditions. Additionally, the Company's Net Earnings grew by 42% YoY to Rest. 351Mn. Furthermore, we continue to generate healthy Cash Flows from Operations. This was a notable achievement considering that the Company incurred higher than normal tax expenses due to the one-off Super Gains Tax", explains the difference the new management has brought about by now.

This case study discusses the strategies used to achieve this rapid business growth within a very shorter period and this becomes significant because the management had many other issues like those that post acquisition transitions to tackle specially in a unionized environment. This further elaborates on the business focus change that the organization went through, to have a product market focus strategy and the transformation done on human resources to attract the best talent from the market through employer brand building and this discusses about the company’s stance on ethical business practices.

The most significant feature in the management style is that the new management has not taken any serious effort to do different things but they have done many things in a different way. The management has had a focus and a sense of innovation and creativity in every step they have taken to transform the organization to a gold mine.