

A Sri Lankan Pioneer

Anura Kumarasinghe, Chairman, American Group, is the pioneer of the bottled water industry in Sri Lanka. With a background in humanities, administration, and experience of over 25 years in the public service, he became an entrepreneur at the age of 50, addressing a potential market within the country. His efforts have been a success for years, apparent from the client’s trust on the American Premium and American Water brands, in the domestic, hospitality, and corporate spheres. A truly Sri Lankan company, American Premium Water Systems provides its services to customers all over the country, across an efficient logistics platform. Having been in operation for over 24 years, Anura Kumarasinghe shares and inspiring story of a Sri Lankan start-up venture that grew to a global company.

By Roomini Wijayarathne. **Assisted** by Swetha Rathnajothi and Gayathri Kothalawala. | **Photography** Menaka Aravinda



Anura Kumarasinghe, Chairman, American Group.

Can you tell us about how you started?

I served as an administrative service officer for 25 years, serving about nine ministries and departments. The idea for bottled water came to my mind when I was at the Ministry of Tourism. A sector that requires bottled water is the hospitality sector. We did not have a single bottled water manufacturer in the country, so we had to import. In 1990, when I retired from the administrative service and the Ministry of Tourism, I gave thought as to why no one is manufacturing bottled water here. There was great potential, and at that time, I read that purified water was gearing up to be an essential commodity in the future. As I was about to retire, I looked at all these aspects and thought of starting a purified water bottle business

I did not have any background knowledge. I went from person to person seeking advice and insight on how to get started. I decided to begin with my own well water,

and one person helped me with the initial steps of testing water and removing bacteria. At that time, we had no sophisticated equipment such as UV sterilizers in the country to remove bacteria. He advised me to use liquid chlorine and instructed me of the dosage. I climbed up to the water tank at home myself and poured it into the water. I had to test again to see if bacteria were removed, but there was a problem: the water had the chlorinated taste. I had to use a carbon filter and also a sediment filter to remove particles. That was my initial setup. I tested the water again, and it met the required quality. I had an advantage because I worked in the Ministry of Tourism: I had contacts from the five-star hotels. It was not difficult for me to secure sales for my product. PET bottles were not available in Sri Lanka at that time, in 1990. We had to depend on PVC bottles that a manufacturer in the country was producing. I started operating from a small factory in Malabe under a different brand called Pride. I was not happy to do just a limited number of bottles and sell in Sri Lanka. As such, I joined the International Bottled Water Association in 1993. They used to send magazines, and in one of those, I read about the industry in the United States. I communicated with them, and they invited me to attend a seminar in the United States to learn about the industry. At that time in 1993, I could not afford to spend the required amount, which was around 150,000 rupees for this journey. When I informed the organizers in the US, they agreed to reimburse 50 percent of my expense. I traveled to the US in 1994 and attended the seminar. They took us to many bottled water manufacturing plants. It was an excellent experience to witness the manufacturing process. At the end of the seminar, when I was talking about Sri Lanka, one American said that he is willing to come to the country. He said, “I would like to come and do a project with you.” I was unsure if he was serious or not, because at that time there was a conflict in Sri Lanka and they were in San Francisco, which is on the other side of the globe. But one day, sometime after I had returned to Sri Lanka, he called me and said that he was in Colombo. We met, and a decision was made to engage more people as it was a massive project. My experience was not in business, I was an administrator. I spoke to a few of my friends and then jointly established American Premium with M H M Fazal, our current Managing Director, since he had the business acumen I did not have

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The MOU for the project was signed within one day. The American representative

had to leave immediately, and he also wished to carry out the project with me. I had two seconds to decide if I was going to agree to his terms or not. I agreed, and interestingly, we signed the MOU on the bonnet of my Jeep as I went to drop him to the airport. Thus, the American Premium company was formed in 1995, and the factory was constructed and opened on April 21, 1996. When I retired and decided to start a bottled water business at the age of 50, my friends called me a fool. These same friends told me later, that I saw the potential in the business at a time when no one even had thought about it.

Initially, we had difficulties in selling the fivegallon bottle: no one wanted to buy them. It was a new concept to Sri Lanka, and the target clientele was skeptical of the product. We went from door to door trying to sell our product. It paid off eventually; in about three years, sales picked up. In Colombo, we did not have a competitor for about seven years. We were the only people doing the five-gallon water bottles in the country. That is why we were able to secure our client base.

I am often asked why I branded the company as American Premium. We use American technology and we have also adopted their selling systems. The company originated with inspiration from the US, and it was a name that would appeal to our customers. That is why we decided to go ahead with American Premium as our brand name.

Could you talk about your product portfolio?

We started with the five-gallon bottle. We recently introduced the three-gallon bottle for the benefit of senior citizens and ladies because of the weight factor. Apart from that, as for the small bottles, we have a range of about 300ml up to seven liters. We have covered the entire spectrum of the bottled water market.

The small bottles are purchased by the tourism and hospitality sector. Five-gallon bottles are for households, medium-scale companies and corporates. These are the two distinct categories in terms of customers and products. We have two companies to manufacture different product ranges: American Premium and American Water.

We imported 200 coolers, 4,000 bottles and 40,000 caps from the US. It took us more than one year to finish them because people were initially hesitant to purchase the five-gallon water bottles.

Can you elaborate on the purification and production processes as well?

The water we initially take is raw water from the two tube wells in Ranala, one kilometer away from the factory. We complete an aeration process by allowing the water to flow into a net, therafter it is sent to a tank. This aeration process increases the pH value of the water by one percent. Once the water flows into the sump, it goes through sediment filters, carbon filters and multimedia filters. No chemicals are used at all. The water goes through a final stage of UV sterilization, and then to the filling point. All this is done from the sump: water goes through the pipes to the filling point. The purification process is based on mechanics, not chemicals. That is how we did, even from the start. It is a straightforward process, but effective

In the bottled water industry, the raw water is vital. If the fresh water is of good quality, your product will be of high standards. If the natural water has a high iron content or some other impurity, then you will have to remove those impurities from the water. But in American Premium and American Water, we are not required to do any thing other than following this process, as our source water is tested to be of good quality

Sediment filter removes small particles, the Carbon filter diffuses the taste and the multimedia filter refines the water. UV will remove bacterial content, and in that manner, it is a simple purification process. Clean drinking water is a necessity, that goes without saying. That is why the consumption of purified bottled water is increasing in volume in many countries in the world. We as consumers choose bottled water because of the convenience, low cost, and of course, the hygienic factor as the water is purified and guaranteed to be safe for drinking. In the world, the highest consumption of bottled water is in China and then the United States. Sri Lanka may be between 25th and 30th positions. India is coming up to the seventh-eighth position in the world. The bottled water business is flourishing across the globe because there is a need for clean water.

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One of the main reasons for the contamination of natural water is the activities of humans. The agricultural and industrial sectors emit their waste into the rivers. While there is a perception that the water in the upcountry is good, they use fertilizers, pesticides, and various other chemicals in plantations. The water that goes through these estates is already impure. In areas around Anuradhapura and Polonnaruwa, for example, they use chemicals for agricultural purposes. This is one of the reasons we have kidney diseases there. I can assure you, bottled water is guaranteed to be clean and safe.

Can you speak about the certifications that you require in the bottled water industry?

In Sri Lanka, Ministry of Health published a gazette in 2005, directing all water manufacturers to register with them. Once registered, Ministry regularly audits your plant and water quality, and then issues the certification. This certification is compulsory: you cannot distribute bottled water in Sri Lanka without it

There is the SLS-894, which also gives a certificate after testing the water and conducting an annual audit. American Premium has obtained these two certifications and the two ISO certifications for Quality Management and Food Safety Management, as well as the ABWA certification by Asia Middle East Bottled Water Association. We have received approval from the Water Resources Board and the Central Environmental Authority. All our certifications are mentioned on the label. These give credibility to the water that we are providing. But it is essential to look at the manufactured and expiry dates when purchasing water

How is your reach around the country?

Our five-gallon operation is the only product in the world that is delivered to your doorstep. It is a complicated process that has to run smoothly. It is challenging, for example, in the suburbs of Colombo because there are many roads and also the delivery dates for each client will differ. Therefore, proper scheduling is essential. Then you have to consider the collection of the empty containers to refill and redistribute. An efficient logistics system is a must. We do the five-gallon operation in the Colombo district ourselves. Our factory is in Ranala, and we send large stocks of bottles to our stores in Maradana and Narahenpita. 12 trucks will take the bottles to 12 routes from both Maradana and Narahenpita. We have the same process in Kalutara and Negombo. We also have five branches for outstation distribution; Anuradhapura, Kurunegala, Kandy, Galle and Hambantota. These branches deliver

to those areas. Apart from the branch network, we have about 30 distributors who collect their stock from us. We provide water bottles to Jaffna, Batticaloa, Mannar, Vavuniya and Trincomalee. In Colombo, we distribute with our own staff and for outstation, we provide through our branches and distributors. The operation is smooth because if it gets disrupted, customers are deprived of water. It is not something that one can set up overnight. For the last 24 years, we have been doing the delivery, expanding our capacities, and increasing our clients. That is how we have an efficient logistics operations systems.

How do you mitigate the environmental concern that arises from plastic bottles?

The environmental concern arises from the way these bottles are consumed. PET bottles are the industry standard all over the world, and we use Poly Carbonate recyclable bottles. Here in Sri Lanka, I am happy to see companies setting up plants to collect and crush the PET bottles.

Recently, the Environmental Authority issued a directive to use clear containers. We have till now used blue-tinted bottles. We are switching to clear bottles because a particular recycling company processes clear bottles and manufactures yarn. We are also producing a glass bottle now. We have introduced it to upmarket hospitality hubs and there is a demand. We can infer that as an inclination towards green practices, which is a praiseworthy trend on the part of the consumer

Environmental dialogue arises now and then. What we as manufacturers can do is to be responsible for producing recyclable material and in turn, consumers can recycle and reuse sustainably.

How is the response to your brand?

Excellent. We have been in operation close to 25 years, and we have only improved ourselves during that time. Our clients are hard-earned from the time we started American Premium. Our service is on time and non-failing so that our customers remain loyal to us, be it domestic or corporate. Our wells are excellent and provide high-quality water. That is the key reason that our customers are with us all these years. We simply take the water, purify, bottle it and distribute. Once you drink it, you do not want any other type of water. I believe we have a duty to the people of the area since our water comes from that locale.

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What is the way forward in the industry?

The bottled water industry is highly regulated by Government institutions. For example, the Health Ministry issues the mandatory certification, and SLS provides guidelines to follow as well. Then Environmental Authority monitors whether we are following the procedures during production and distribution. Consumer Authority regulates the selling prices. Recently, they lowered the minimum selling price. These are some of the institutions that regulate the industry in Sri Lanka

This is a young industry. However, the support given is unsatisfactory. By trying to regulate it, the authorities are limiting the growth of the sector. Regulations are necessary, but when they become a burden, the situation is not conducive for growth. The challenge in this country is that the support for the industry is marginal. Sri Lanka can be a paradise if the authorities provide more support. All we need is support for homegrown industries to develop. If they impose heavy regulations, it is challenging to sustain the industry.

There is potential for us to export water because our water quality is excellent. While small quantities are sent overseas, we are not an export-oriented industry. We do send water to the Maldives, but not in large numbers that would qualify as an export. We are merely used to thinking of bottled water as an industry limited to the country, but if we think out of the box, export is very much a possibility. I was once told that we could produce saline here. Saline is a water-based product, and it is imported to Sri Lanka. Even Bangladesh is producing saline; then why can’t we? We, as a bottled water company, can branch out and produce saline in Sri Lanka. But we need the support of the authorities to do that. We have the potential to export innovative products. We have the technology. The Government has to give some concessions for all these industries to come up. We are a Sri Lankan company. We have been in operation for 24 years. We have a workforce of around 900 individuals with all the branches put together. They are from all the communities in the country. As a bottled water manufacturer, as an industrialist, we have come to the top position of the country, and we are recognized by other countries as well. I was elected as the President of the Asia Middle East Bottled Water Association. We are in contact with countries such as Singapore, Japan, Thailand, Indonesia, Malaysia and Dubai who are also members. It was a great achievement for Sri Lanka. To this

date, I have not received any recognition or acknowledgement from the Government for this

Can you tell us about yourself?

I am from Galle. I studied at St Aloysius' College, Galle and attended Peradeniya University in 1960. I followed an Arts degree and passed out in 1963. Then I sat for the Administrative Service exam and joined the Administrative Service in '65. I have since worked at the Election Department, Trade Ministry, Education Ministry, Public Administration, Treasury, Customs and Tourism. I retired at the age of 50. I could have gone on for ten more years, but I retired as a public servant with 25 years' experience. It is only then that I started my own business in 1990. I intended to become number one in bottled water in the country. We did reach that goal. My second goal was to become the President of the Asia Middle East Bottled Water Association. That is the pinnacle of bottled water in this region. I held that post for four years. The benefit of being a member is that every year, at least two meetings are held overseas. This allows us to visit bottled water plants in other countries, discover and learn about the technologies they use and adopt them if they suit our country. The meetings offer great insights into the prevailing industry issues and the means of countering them and moving forward

I am also the President of Sri Lanka Bottled Water Association from its inception. All major bottled water manufacturers in the country hold the membership in the SLBWA. Meetings are not frequent but if we encounter a challenging issue that collectively affects our industry, we resolve them as a unit. For instance, sometimes ago the Consumer Authority tried to introduce a sticker to be pasted on all the distributed bottles. From our point of view, it was a massive waste of capital on something that served no purpose. The SLBWA convened with the other affected parties and took legal action. The issue was solved fairly

Future plans?

Currently the factory is under renovation. It has been almost 25 years since the infrastructure was built, and we have plans to upgrade it to a modern facility. New machinery are to be incorporated into the production process and to accommodate them, the floor and ceiling are being raised in proportion. In addition to the two plants presently in operation, we hope to add a brand new facility for bottling. This is to ensure that our operations are more efficient, to complement the increasing demand for our products. We also have plans to switch to solar power generation as

a means of reducing our environmental foot print. A green initiative, it is in line with the environmentfriendly steps we have taken so far.

> **Past Incidents Have Been A Challenge To Sri Lanka, But We Can Stand Up Again If The Government Sets In Motion Some Wellthought-Out Plans.**

We have a bottled water plant in India. We have plans to introduce a plant in the Maldives as well, and the process is ongoing. But since the entire country is at a standstill owing to incidents a few months prior, we will have to wait for a while. I had this dream to establish a bottled water plant in each SAARC country. But looking at the current state of the Tourism Industry and the entire socioeconomic status of the country, we should do well to keep our existing factories and processes functioning as usual. Past incidents have been a challenge to Sri Lanka, but we can stand up again if the Government sets in motion some well-thought-out plans. The stakeholders of the tourism industry, I believe, are ready to support the country in recovery. The authorities have to engage and take timely decisions.

