# Distilleries Company Of Sri Lanka Celebrates 25 Years

**In 1992, the Stassen Group of Company and its Chairman/Managing Director purchased the majority stake of the Distilleries Company of Sri Lanka Limited. Then a loss making organisation, it was completely transformed to become a profit making entity. 25 years on DCSL is one of the largest conglomerates in Sri Lanka and is a main contributor to the revenue of the country. Harry Jayawardena, Chairman/Managing Director, expressed his views on the growth journey of the Company at the gala 25 year celebrations.**

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**“We must think big to become big”**

First of all I must thank everyone gathered here to join with us in celebrating our 25th Year Anniversary. It is an encouraging event, with all the captains from the

private sector, our well-wishers and senior staff present.

You have seen how we have transformed this company to bring it to where it is today. It was a gigantic task. The broker who made this transaction at the stock exchange is also here today. It was the largest transaction in the 90s, and the main problem we had was in taking possession rather than the actual purchase.

In the South and the North, people were thriving from this company for personal gain, and that is why the Government took the step to privatise it as early as possible. There were many shortages and pilferages.

When we went to the South to take possession of the company we were met with a lot of resistance. We had to combat all that to take the company under our control. From that day onwards, the company has been unstoppable and we have progressed to reach the position we are at today. We never expected a smooth takeover; we knew we were going into fire.

When we inspected certain facilities, we found that the canine and cat populations were greater than our staff members. Therefore, one can imagine the poor hygienic conditions that prevailed at the manufacturing facilities during that time. There were pipelines to the cities, through which many were thriving and made personal gains. People were paid four times their salary; it was therefore no surprise that they did not want to give up these privileges. This is the reason why even at present, as I saw few weeks ago that majority of state institutions are making losses. They cannot be making a loss as they are all state monopolies.

Unfortunately, our country is not recognising the talented. Our biggest enemy was the politicians; they were in the same business. The lawmakers were also in the same business. So we had to fight many factions other than the bootleggers which included the State participation in the decision making. It was a herculean task for us to get involved in these fights in the market place where they had the backing of the interested lawmakers. They owned distilleries, bottling plants, distribution lines and most of the licenses. We could only sell our products to a handful of people, through which we withstood the challenges, especially because adulteration,

duplicates and imitations were the order of the day.

We had to think of ways and means on how we should go forward and make sure that we manufacture genuine products to the public and our consumers. With the 30-year war, the North and East were completely inaccessible to us. One bootlegger made a swimming pool spending Rs. 100 million for the soldiers which was opened by then Army Commander. One week later lorry loads of illicit liquor with unpaid taxes were going into the Terrorists areas and they were paying taxes to the LTTE, and the business went on excluding DCSL. We were cut off completely from North and East, but we managed to survive.

Our people were abducted for not paying taxes to the terrorist organisation, but we managed to salvage them and hand them over to their families and friends. This was the state of affairs. Despite all that our forward march took place uninterruptedly, with the assistance of the board of directors, gallant workers and regional managers: people who took a personal interest as if this was their own company.

If you look at our decorations today; it is all done in-house. You can witness the talent! If there was an export market, I am sure we can compete in it. We have a very good workforce. We have also adequately compensated our staff, given them everything such as training and the best of expert advice. We brought in professionals from outside, we learnt what we did not know and took advice from the experienced. Our oldest employee has served the Company for more than 40 years and is still serving. We have more than 75 staff members who have been serving the Company for more than 30 years. Many of our staff have been with us since the privatization. They have seen ups and downs, and how things have been happening at that time and now.

The Government took notice of us when we started purchasing the institutions that were put on sale by the Government and accepting lot of unprofitable institutions. We lost the insurance company, Pelwatte Sugar and the hospital as well. The Government has to still pay us over 15 thousand million rupees as compensation, which has not been paid for almost 10 years.

**We Had To Think Of Ways And Means On How We Should Go Forward And Make Sure That We Manufacture Genuine Products To The Public And Our Consumers.**

The taxes that our company has paid since its privatisation indicates that this is the most successful privatisation under late President Ranasinghe Premadasa in the 1990s. We have paid 4.6 billion US dollars as taxes and 91 million US dollars as dividends, therefore, the stakeholders, the Government, the consumers and everyone else have been given a fair chance and fair deal.

Our progress in acquisitions did come to a grinding halt on account of those acquisitions. Although these acquisitions had been made at the stock exchange or by Tender, they were being taken over through a Gazette or a judgment for which we were neither a party nor a subscriber to the decisions. Nevertheless, we were not disheartened. The more taken from us, the more we were looking to acquire. We lost all assets purchased for no rhyme or reason. These were reputed institutions in this country.

Let me thank the staff and the senior staff, especially Captain Kahanda who led the team in making this event a success. 25 years comes only once in a lifetime, so we thought we should share that with all of you here today. This company has grown from a government institution only involved in manufacturing liquor 25 years ago, as we have seen in the video, in to what it is today.

These are not impossibilities, there are only possibilities. No institution can lose provided they are managed properly and are given to the people who can manage it. This is where the system has failed. Everyone wants to join this industry, and be part of the alcohol business. The big money propels them. No other company in Sri Lanka, except maybe the Tobacco Company, pays the kind of taxes that is imposed on the industry in Sri Lanka. Why? There are about 25 alcohol companies, if you see their balance sheets a number of companies have never made a profit. One can imagine how they are thriving, if they do not pay taxes.

We must thank our genuine customers and consumers who have stood by us. People took us to courts to infringe our labels and patents, as unfortunately the

government during the time of its ownership had made registrations leaving loopholes. We have an efficient legal officer who was able to harness all the good lawyers and make our case thus making sure that our valuable trademarks were protected. We have undergone many hardships. We have had many forces at work against us simply because we are doing the right thing. We have legal cases running into 25 years for trademark violations, duplicating our products and the adulteration of products. The people's money has been passed on to bootleggers through the illegal and unlicensed products.

I hope you will all enjoy this evening and thank you very much for the support. I must thank everyone who participated in this great event, this was all organised in-house except for few aspects, to show you our talent.

**We Have Undergone Many Hardships. We Have Had Many Forces At Work Against Us Simply Because We Are Doing The Right Thing.**

This hall resembles a Vat room. It is in the Vat room that we store alcohol before it is bottled. How it has changed, from where it was and how it is today you can see in the video. Witness how state-of-the-art machines and techniques have been installed. This cannot be done within a short time, however we did it because you supported us and our staff supported us.

Financially this is a very strong company. We are at the 6th position, if not for these acquisitions we would have been beyond number one, and we would have been in the forefront not only in Sri Lanka, but even in the neighboring Countries.

The forward march was curtailed because of financial constraints. We never received the payments for the investments that had been made. If these were made, I am sure the board of directors who were assisting me all the time would have taken steps to go outside and we would have made bigger acquisitions than what we have currently accomplished. The world is big, therefore, we must think big to become big: that was our motto. We have done it and shown to the rest of the other privatised companies. All the other privatised companies have either changed hands or have closed down or they are not in the arena. Why? This is due to mismanagement. They were only looking to earn through real estate value and getting out of the business, except the Tyre Corporation, which they have widely

invested in and made a big dent in the local market.

**Politicians Should Be Taken Out And The Job Should Be Given To The Layman Who Is Qualified With Experience And Expertise In The Running Of Those Businesses.**

Thank you, gentlemen, for all the support that you have given us, and to me personally; for your support and cooperation to make this company a success. We did not have a single strike during these 25 years. Of course there were rumblings, but we do not have a trade union. That is another achievement. I asked them why do you want a trade union, you want to know your rights, your rights were all given, but work! When you are at work you must work. We have established discipline, and that has paid off. This is what should be done at all other institutions that are making losses in our country. Politicians should be taken out and the job should be given to the layman who is qualified with experience and expertise in the running of those businesses. These companies will then become profitable. I myself have been running two large government entities, and I have seen the deficiencies; whenever I am there things are happening and when I go it all goes downhill. It is very sad.

We are getting old and must pass this knowledge to the next generation so they must take this country forward. There are challenges. Governors must govern, leaders must lead and workers must work. With this motto I end my speech, and thank you very much once again for making this event a great success. All of you have worked tirelessly till late in the night making this event possible. We can say that all of this was done by us without any outsiders. It is through your knowledge, your hard work and dedication that we were able to achieve this. I do not think even this hotel has seen this magnificent décor or seen this kind of a show, which has made a Vat room in a hotel.

*Thank you and God bless you and enjoy the evening.*