

# Driving the Next Phase: Hemas' Growth Story Beyond Recovery



Ashish Chandra, Group CEO, Hemas Holdings.

Emerging from economic volatility with record earnings, Hemas Holdings is entering a renewed growth phase. Since assuming duties in July 2025, Group CEO Ashish Chandra has focused on future-proofing the Group through digital transformation, talent development, and portfolio synergies, while sustaining operational momentum. With businesses in Consumer Brands, Healthcare, and Mobility, Hemas focuses on three core strategic aims: accelerating premiumisation in Consumer Brands, scaling Healthcare to meet demographic-driven demand, and leveraging Mobility as a steady cash generator. Speaking with Business Today, Ashish Chandra discusses the drivers behind Hemas' recent performance, the strategic priorities shaping its next phase of growth, and how the Group is positioning itself to remain resilient and competitive in an increasingly complex global landscape.

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Photography: Sujith Heenatigala and Dinesh Fernando.

**Hemas delivered record earnings in FY 2024/25 despite a slight dip in revenue. What were the key drivers that enabled the Group to expand profitability even amid top-line pressure?**

Profitability growth in FY 2024/25 was driven by an unwavering focus on efficiency. As revenue growth moderated after the post-crisis rebound, Hemas prioritized operational and financial improvements across all business segments, resulting in consistent margin expansion and profit growth that outpaced revenue growth.

**Looking at the first nine months of FY 2025/26, what early trends are you observing across the Group's businesses, and how do they compare with the recovery signals seen in the latter half of last year?**

The Group has sustained strong performance built through the financial years of 2023 to 2025 and into the first nine months of FY 2025/26, broadly following last year's recovery trends. The Consumer Brands segment has transformed significantly over the past four to six quarters, shifting from a mass-market focus to offering value-added and premium products. Now stabilizing, Consumer Brands has completed this transition and relaunched several brands with stronger premium positioning. The business is now well placed to deliver accelerated growth in the future. As Consumer Brands settle, attention shifts to the ongoing performance in Healthcare and Mobility.

Healthcare continues to lead the Group's performance, maintaining robust growth as rising volumes in pharmaceutical distribution, manufacturing, and hospitals drive expansion. Strong underlying demand and demographic shifts, particularly Sri Lanka's ageing population and the increasing prevalence of non-communicable diseases, sustain long-term demand for healthcare services. The Group also expands local pharmaceutical manufacturing. Following Healthcare, developments in the Mobility segment stand out. The Mobility segment continues to perform well and benefits from Sri Lanka's growing importance as a transshipment and cargo hub. This consistent contribution rounds out the picture across Hemas' three core business segments.

Early trends for FY 2025/26 remain positive, reflecting continued momentum and a more structurally driven growth outlook compared to the post-crisis recovery phase.



**With efficiency improvements and supply chain optimization contributing to stronger margins, what specific cost management or operational strategies proved most effective in driving this improvement?**

Supply chain optimization drives Hemas' margin improvement, given its critical role across consumer, pharmaceutical manufacturing, and distribution businesses.

On the production side, the Group has increased plant automation. It has also adopted lean operating methodologies, significantly enhancing efficiency. In parallel, the Group has accelerated localization of production. More products are now manufactured in Sri Lanka, and local inputs are sourced when possible. These actions have strengthened cost control and reduced reliance on imports.

Greater supply chain control has also enabled the Group to improve resilience, manage input costs more effectively, and navigate external disruptions, including raw material volatility. Collectively, these initiatives have driven sustained cost efficiency and margin expansion.

**How are you prioritizing capital allocation across the diverse sectors you operate in to maximize long-term value creation?**

Capital allocation is guided by three distinct long-term value priorities. The Group is investing in adjacencies within its existing businesses, particularly in Consumer

Brands. This includes expanding within the personal care and beauty segments, where there is strong potential to deepen market presence and drive growth.

In Healthcare, capital is directed towards strengthening pharmaceutical manufacturing. The focus is particularly on expanding the product range and formats under its manufacturing arm, as well as enhancing hospital capacity and capabilities. This includes investments in advanced medical technologies to meet growing demand and address the gap in private healthcare provision in Sri Lanka.

The Group is also allocating capital towards international expansion, especially within the consumer business, to scale beyond the domestic market. In addition, a significant portion of investment is focused on digital transformation, including upgrades to core systems and the integration of AI to improve efficiency and future-proof the organization.

With the consumer brands sector having faced margin pressures at times due to price adjustments and changing consumer spending patterns, how is Hemas adapting its brand strategy to remain competitive in a value-conscious market? Hemas is realigning its consumer brand strategy to reflect evolving consumer behavior. During the economic crisis and COVID-19, spending patterns shifted toward value. However, over the past two years, discretionary consumption gradually returned, with consumers showing an increased willingness to pay for quality. In response, the Group is accelerating premiumisation by introducing higher-quality products with superior ingredients. It is also repositioning its portfolio around holistic solutions rather than standalone offerings, such as complete beauty and personal care regimens. This shift informs both product development and brand communication. The Group is also expanding its presence on underpenetrated and unmet categories, including sanitary care and premium beauty segments, where, there is significant room for growth and relatively lower price sensitivity. Operating in these spaces allows the Group to deliver differentiated value while sustaining price strength. The Group continues to enhance operational efficiency through automation, lean practices, and tighter supply chain management, ensuring input costs are effectively controlled even as consumer value is elevated. Together, these strategies enable Hemas to protect margins and remain competitive in a value-conscious but increasingly quality-driven market.



**As healthcare and mobility emerged as key contributors to profit growth in recent years, do you foresee these sectors becoming the primary engines of the Group's future expansion?**

Both Consumer Brands and Healthcare will drive Hemas' long-term growth. While the consumer segment has undergone recent transformation and short-term impacts, it remains a core pillar supported by Hemas' market insights, innovation, and brand strength. Healthcare is expected to see sustained expansion, underpinned by significant structural demand. Currently, over 90 percent of healthcare services and around 40 percent of pharmaceutical consumption in Sri Lanka are supported by the State. However, with a rapidly ageing population, this model is likely to evolve. That will create greater space for private sector participation. In the pharmaceutical industry, only about 20 percent of medicines are produced locally. There is a national target to increase this to 40 percent over the next five years, presenting a clear growth opportunity.

Hemas is actively investing to capitalize on this shift. Morrison now ranks as the second-largest local pharmaceutical manufacturer in Sri Lanka by volume and remains a key focus area for future investment. The Group prioritizes the development of more complex, novel, and advanced formulations locally, aiming to make premium healthcare more affordable and accessible to Sri Lankans. At the same time, the pharmaceutical distribution arm addresses any gaps in local

manufacturing by sourcing and bringing leading global medicines into the country.

As the largest pharmaceutical distributor in Sri Lanka, Hemas ensures both availability and affordability across the healthcare value chain through this integrated approach. In parallel, the Group scales its hospital operations and plans to develop a third, technologically advanced facility within the next three years. Mobility, while not the primary growth engine, generates strong cash flows and benefits from Sri Lanka's increasing role in global logistics and transshipment.

Our future expansion is anchored by Consumer Brands and Healthcare as dual growth engines, while Mobility provides steady cash flow support.

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**With Sri Lanka placing greater emphasis on local pharmaceutical manufacturing, how does Hemas view its role in strengthening domestic healthcare self-sufficiency?**

Local pharmaceutical manufacturing is central to strengthening Sri Lanka's healthcare self-sufficiency, from both a supply security and affordability perspective. Greater domestic production reduces exposure to global supply chain disruptions and price volatility—risks evident during recent geopolitical crises. At the same time, global manufacturers typically produce for multiple markets rather than tailoring products specifically to Sri Lanka's needs. This creates a strong case for local players to develop medicines aligned with the country's healthcare needs.

In Sri Lanka, the highest demand is in key therapeutic areas such as cardiovascular, diabetes, respiratory, and neurological conditions—segments that require sustained, long-term treatment and affordable access.

Hemas is addressing this through its pharmaceutical manufacturing arm, which is focused on producing high-quality, affordable medicines locally, while also expanding its portfolio of branded generics for both public and private healthcare markets. One of its products has already achieved approximately 26–28 percent

market share in its category, demonstrating the potential of locally manufactured medicines.

The Group is also investing in advanced manufacturing capabilities, with facilities built to international standards and progressing towards EU GMP certification. This not only ensures globally benchmarked quality but also creates opportunities to export Sri Lankan-made pharmaceuticals to international markets, including Europe.

Through such steps, we aim to play a leading role in reducing import dependence, improve affordability, and build a more resilient, self-sufficient healthcare ecosystem in Sri Lanka.



**Which of your businesses are currently showing the strongest momentum, and which require strategic repositioning?**

Hemas' portfolio reflects businesses at different stages of their lifecycle, each contributing differently to overall performance. The strongest momentum is currently seen in its growth segments, particularly Healthcare. The hospital business is delivering good double-digit growth, supported by continued investment and strong demand, while the pharmaceutical manufacturing arm, Morison, is also generating robust growth from a relatively nascent base.

At the same time, several businesses continue to deliver stable, consistent

performance. These include the stationery segment helmed by Atlas, pharmaceutical distribution, and the mobility business, all of which are mature operations delivering steady growth in the high single to double-digit range. The Consumer Brands segment is stabilizing following a significant transformation and is poised for stronger growth over the next year. Overall,

Hemas maintains a balanced portfolio of stable, growth, and transforming businesses, positioning the Group for both near-term performance and long-term expansion.

**With the Group indicating interest in both organic and inorganic growth opportunities, what types of acquisitions or partnerships would best complement your existing strengths?**

The Group is pursuing both organic and inorganic growth opportunities, focusing on leveraging its existing strengths in Consumer Brands and Healthcare. In Consumer Brands, the domestic market is inherently limited by Sri Lanka's population. While there is room for growth through premiumisation and value-added offerings, further expansion requires tapping markets beyond Sri Lanka. The Group has already entered Bangladesh and is exploring opportunities in East Africa, aiming to apply its expertise in brand building, innovation, and distribution to new geographies.

In Healthcare, there remains a significant unmet demand within Sri Lanka. The Group is focused on expanding domestic capabilities, including scaling pharmaceutical manufacturing through Morison, investing in R&D, upgrading facilities at hospitals, and extending laboratory networks to underserved areas. Hemas is open to a range of growth strategies—organic expansion, acquisitions, and partnerships—both domestically and internationally. Additionally, the Group is exploring entry into complementary sectors within Sri Lanka, seeking new areas that align with its capabilities and offer long-term growth potential.

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## **What can you tell us about the Group's expansion into new geographies, and how do you balance leveraging Sri Lankan expertise with adapting to local consumer preferences and regulatory environments?**

Hemas' expansion into new geographies is driven by the need to reduce single-market dependency, a lesson reinforced during COVID-19 and the economic crisis. The Group has set a target of at least 25 percent of revenue from international operations, whether through exports, overseas production, or wholly owned businesses abroad. The Group leverages its deep expertise in brand building, innovation, and consumer-led marketing—skills honed over decades in Sri Lanka—and applies them to new markets. However, success requires careful selection of geographies and adaptation to local consumer preferences and regulatory environments. Hemas has focused on high-growth, frontier markets such as Bangladesh and East Africa, which combine large populations, growing consumer demand, and relatively underserved markets. For context, Sri Lanka's population is around 22 million, while Bangladesh has 170 million, and expanding into East Africa further increases the addressable market by multiple times.

Frontier markets are strategically attractive because multinationals often focus on developed or high-end segments, leaving significant unmet demand in these regions. Hemas' approach is not to simply replicate Sri Lankan products abroad, but to apply the Group's capability to understand consumer needs and create tailored products for each market.

Additionally, Hemas' business model has been stress-tested over the last seven decades through multiple crises—including COVID-19, economic disruptions, and political instability—proving its resilience. This experience gives the Group confidence to operate in markets that are comparatively more volatile, while leveraging lessons learned in Sri Lanka to deliver locally relevant products and solutions.

## **What strategy did the Group adopt in expanding its footprint outside Sri Lanka?**

Hemas' approach to international expansion varies by market. In Bangladesh, the Group built its business from the ground up, starting entirely from Greenfield. While this allowed complete control over brand creation, it required a longer timeframe—about a decade—to reach the number two position in the value-added hair oil segment.

In East Africa, the approach differs. The Group is focusing on acquisitions and partnerships, rather than building from ground up. By acquiring established businesses, the Group secures a ready platform for entry. While this requires higher upfront investment, it significantly accelerates time-to-market and enables faster product introduction while leveraging existing expertise.

The hospital business is delivering good double-digit growth, supported by continued investment and strong demand.

**With businesses today facing an evolving global landscape marked by supply chain disruptions, geopolitical shifts, and currency volatility, how is Hemas strengthening its resilience to ensure business continuity in such an environment?**

We are strengthening business resilience amidst an increasingly complex global environment marked by supply chain disruptions, geopolitical tensions, and currency volatility. While foreign exchange fluctuations and energy availability are important considerations, the Group sees supply chain reliability as the most critical challenge, particularly the availability of raw materials, many of which are petrochemical-based and sourced internationally.

Recent crises, including the situation in the Middle East, have highlighted the risks of cost escalation and potential shortages, with some raw material prices rising by 50-60 percent.

The Group has proactively addressed these risks over the past several years, building significant control and flexibility into its supply chain. Key strategies include sourcing directly from producers rather than intermediaries, diversifying suppliers to avoid dependency on a single source, and leveraging local R&D and production capabilities. The local R&D team are able to develop alternative formulations when raw materials become constrained, ensuring consistent product availability without compromising quality.

This combination of local production, R&D innovation, and supply chain control provides Hemas with the flexibility to navigate crises effectively. While short-term disruptions such as the Middle East events and currency volatility are closely monitored, the Group's robust supply chain and local capabilities remain the

cornerstone of its business continuity strategy.



**The Group has begun integrating AI tools and digital platforms across its operations and consumer engagement initiatives. How do you see technology reshaping the way Hemas operates and competes in the next decade?**

Technology is central to Hemas' strategy to future-proof the Group and a comprehensive digital transformation through a four-pronged approach.

A key focus is on strengthening the digital foundation by upgrading critical systems across operations, including ERP, HR information systems, hospital management systems, and Salesforce automation, ensuring all processes are fully digitized.

We are also working towards creating a unified source of data. Information from our diverse businesses is being consolidated into a group-wide data lake, where it's cleaned and structured to enable actionable insights.

The Group is increasingly leveraging AI-driven analytics and predictive tools. Both generative and agentic AI are being deployed to support revenue growth, optimize costs, and improve customer-centric decision-making. Early use cases are already being implemented across the organization. Equally important is the investment in people. With over 5,000 employees working with AMRs, Hemas is investing heavily in upskilling its workforce in digital and AI capabilities.

The goal is to create a fully AI-enabled workforce within the next 12 months, extending these capabilities beyond specialized teams to all employees involved in core business functions. Once these initiatives are fully operational over the next 12-18 months, Hemas will be well-positioned to execute the next phase of its digital strategy, reshaping how the Group operates, competes, and delivers value over the coming decade.

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**You assumed leadership of Hemas in July of 2025. What were your first priorities upon stepping into the role, and how have you approached understanding such a diverse conglomerate?**

When I assumed leadership of Hemas, I quickly realized that I was stepping into a very well-oiled organization. Hemas has been operating successfully for seven decades, with strong, independent businesses led by highly capable leaders. Much of the operational machinery was functioning exceptionally well. My initial priority, therefore, was to focus on strategic initiatives that would shape the Group over the next five years and ensure its continued relevance in the coming decades.

I identified three main areas of focus. The first was future-proofing Hemas. This involved two critical dimensions: the first was digital transformation. We are investing significantly in technology to create a digital core for the Group. This includes modernizing ERP systems, HR information systems, hospital management systems, and Salesforce automation.

The aim is to build an infrastructure that enables efficiency, scalability, and responsiveness across all our businesses. The other was cultural transformation and talent development. Talent is a key challenge in Sri Lanka, particularly given

ongoing migration trends. Rather than relying solely on external hiring, we are investing in developing our people internally. This involves strengthening performance management, fostering a growth mindset, and equipping employees with the skills and capabilities to succeed in an increasingly digital, AI-driven environment. Building this talent pipeline ensures that Hemas can remain competitive and resilient for decades to come. The second strategic focus was future growth.

I looked closely at where we could invest to create long-term value, both organically and inorganically. This includes exploring mergers and acquisitions within Sri Lanka and abroad, expanding our international presence, and identifying new sectors that complement our existing businesses. We are continuously evaluating opportunities to grow in areas where our capabilities can be leveraged.

The third area of focus is creating synergies across Hemas' diverse businesses. Hemas operates several independent businesses that touch multiple aspects of a consumer's life. For example, a person might be born in a Hemas Hospital, use Hemas baby care products like creams or diapers, later engage with Atlas Axillia for education, transition to using our beauty and personal care products as they grow, and rely on Hemas pharmaceuticals for medicines throughout life. From a consumer perspective, Hemas is present across a continuum—from birth to old age.

My goal has been to identify how these touchpoints can create integrated experiences and synergies for consumers while enhancing efficiency and growth across the Group.

Balancing these strategic initiatives, must not come at the expense of day-to-day performance. Ensuring profitability, top-line growth, and operational excellence remains central to my role.

I initially saw Hemas as a highly diverse conglomerate, which could have seemed complex. However, as I made market visits, engaged with teams, and understood operations firsthand, I realized there is a strong underlying synergy across the businesses. Most of our businesses are fundamentally consumer-focused—they revolve around understanding customer needs, building brands, managing sales and distribution, and operating manufacturing efficiently. Despite the diversity, the core operational principles are remarkably similar, making it easier to understand and guide the Group.

The first three to four months were dedicated to learning—interacting with teams, visiting markets, and immersing myself in the businesses. This hands-on approach allowed me to gain a clear understanding of the Group’s operations, strengths, and opportunities. It also helped me leverage my international experience in a way that aligns with Hemas’ unique context and long-term ambitions.

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**How has your past international and regional experience shaped your leadership approach at Hemas and your vision for the Group’s next phase of growth?**

Coming from a technology-focused organization, I bring deep experience in digital ecosystems, which aligns perfectly with Hemas’ strategic priority of future-proofing the Group through digital transformation.

This experience helps me implement digital tools, systems, and strategies effectively, giving Hemas a strong foundation for innovation and operational efficiency.

Additionally, having worked across multiple multinational organizations, I bring exposure to best practices in culture, talent development, and organizational transformation.

I understand how to adapt global standards to a local context—applying practices that are relevant and culturally appropriate for Sri Lanka. My career has also involved leading large mergers and acquisitions across continents, including in Sri Lanka, which equips me to drive inorganic growth and expansion initiatives at Hemas.

Having operated in consumer-centric businesses, I am well-versed in core functions such as sales, marketing, brand building, and navigating highly regulated environments. My prior experience in Sri Lanka for over five years has also provided me with a solid understanding of the local consumer, market dynamics, and

regulatory ecosystem, which has been invaluable in transitioning smoothly into Hemas.

When I joined, I was initially focused on where I could add the most value, and it quickly became clear that my strengths lay on the strategic side rather than operations, as Hemas already has a strong leadership team running each business efficiently.

As for my vision for Hemas, it builds on the founders' ethos of enriching the lives of people in Sri Lanka. I want to extend that purpose beyond Sri Lanka—first regionally, and eventually globally. The goal is for Hemas to become a truly global organization while maintaining its consumer-centric focus. The second pillar of this vision is to make Hemas one of the most technologically advanced organizations, leveraging digital and AI capabilities to drive growth, efficiency, and innovation.

My aim ultimately is for Hemas to be recognized as one of the most valuable Sri Lankan brands globally. With the talent, culture, and operational strength we have at Hemas, I am confident we are well-positioned to achieve this vision.