

REGAINING CONFIDENCE AMIDST THE CRISIS: THE ROLE OF SRI LANKAN MANUFACTURING SECTOR



“ INITIATED AS A HOMETOWN SMALL DEVELOPMENT COMPANY, DPL HAS CONQUERED THE GLOBAL ARENA TODAY, BECOMING THE THIRD OR FOURTH LARGEST GLOVE MANUFACTURER IN RELATION TO HOUSEHOLD SECTOR IN THE WORLD. AMONG MULTIFARIOUS ATTRIBUTES IN GLOVE MANUFACTURING INDUSTRY, SUCH AS MEDICAL, EXAMINATION, INDUSTRIAL AND HOUSEHOLD GLOVES, DPL PROUDLY MASTERS IN THE FIELDS OF PRODUCING INDUSTRIAL AND HOUSEHOLD GLOVES ”

CHANDIKA RATHNASIRI
HEAD – ENGINEERING AND PROJECTS
DIPPED PRODUCTS PLC

Could you please give an overview of Dipped Products PLC and your role as the Director – Engineering and Projects at DPL?

Well, I am humbled to say that Dipped Products PLC has secured its position in both local and global markets by functioning throughout forty-five years in the industry. Initiated as a homegrown small development company, DPL has conquered the

global arena today, becoming the third or fourth largest glove manufacturer in relation to household sector in the world. Among multifarious attributes in glove manufacturing industry, such as medical, examination, industrial and household gloves, DPL proudly masters in the fields of producing industrial and household gloves. As a result, DPL is renowned as one of the most prolific glove manufacturers in the world, catering to two hundred types of gloves in various ranges. We have four manufacturing locations in Sri

Lanka; namely, Kottawa, Hanwella and in two other factories in Biyagama. Simultaneously, we have also developed our network into international platforms in Thailand and Italy. In Sri Lankan operations, we have the capability to produce twenty million pairs of gloves monthly. In Thailand, we have the capacity up to sixty million as they produce examination gloves, for which we have a great demand internationally.

Now, to specify my role in Dipped Products PLC, I would like to



introduce myself as the Head of Engineering and Projects in Sri Lanka and Thailand. This includes all engineering operations, along with nearly thirty production lines in Sri Lanka and nine production lines in Thailand. Our primary objective is to maintain the plants including equipment, and services. We are also responsible for maintaining all consumptions that include fuel too. Under Engineering domain, projects are also incorporated and thus, I oversee project department as well. Therefore, all new plants designing, developing, and manufacturing including service sector come under my territory. Adding to that, I should mention that there are about thirty engineers in our department to overlook plants. Overall, there are more than two hundred dedicated engineering force in our company contributing

to operations. In terms of the composition of the team based in Thailand, we have eight executives and nearly fifty engineering technical staff working together efficiently to make the operations and production processes successful.

The economic and social impact of the COVID-19 pandemic have caused the deepest global economic recession since the Great Depression with a complete upheaval in daily life. Nonetheless, DPL has achieved the Group's highest-ever revenue and profit in

the recent fiscal year 2020/21. What do you think are the fundamental factors that have helped you achieve this?

The simple untold truth behind our success is that we never stopped moving forward. Despite the uncertain situations during the pandemic, our senior management took the initiatives to operate as much as possible by providing curfew passes and transportation facilities to staff members. Some departments such as marketing and procurement had the luxury of working from home and it eased the process of managing the tasks smoothly amidst a global pandemic. Strategically, we were able to organize our supply chains effectively under the guidance of a well experienced senior

management who provided adequate infra structure facilities to continue our work. At the same time, I should admire the way our team contributed to continue our journey with their fullest support at every level. So, it is obvious that human resources at DPL acted as a great strength to our success. It was a challenging period for everyone but as a team, we were always strong together to face the challenges along the way.

Another challenge we encountered during this time was minimizing the spread of the virus within the factory premises where the team gathered in large numbers daily. The company management took measures to vaccinate all team members by providing them all three recommended doses against COVID-19. Furthermore, Thailand had an additional advantage of the tremendous global demand for examination gloves, and it assisted in retaining the global market. So, that is basically how we paved our own way towards a succeeding journey amidst a global pandemic. Looking at the bigger picture, I emphasize that our senior management was able to strategize all operations tactfully managing crisis successfully. As we continued without stopping since day one of COVID-19, we were not negatively affected by the global economic recession that stemmed from the pandemic.

Will the current economic condition in the country have a notable impact on DPL's progression in the long run? What are the measures that you have taken from a business point of view to make sure that you can swiftly navigate through the current and



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future economic environment?

To be honest, it has been a tough ride pertaining to current economic crisis, as especially, the requirements of raw material are high in our industry. For instance, the current price of our main raw material, latex has been risen to extreme heights. Adding to that, power interruptions have affected the functioning of our plants. So, we have been strategically positioned by finding self-power generation means to continue our operations without any interruptions. Simultaneously, fuel crisis has also become a barrier to smooth functioning of our operations currently.

However, what is most significant here is, we always tried to find positivity in the middle of dark times. We have been able to increase our production capacity by 23% during the last couple of years despite these ceaseless challenges. At all our manufacturing locations, we succeeded in installing new production lines. When we look back at the journey so far, it is amazing how we have ultimately reaped the fruits of success while navigating through the barriers smoothly. Nevertheless, I should note that it was a tough journey with vicissitudes, but we have realized rather than attempting to solve issues completely, balancing is the best strategy to tackle the business. I am happy to announce that we, representing Dipped products PLC, have taken a great responsibility to function for the betterment of the country as we are one of the major foreign exchange gainers today. Thus, despite the ongoing political turmoil emerged in the country, we fulfill our duty as responsible citizens, leading the way to a better Sri Lanka. Simply, DPL keeps going, being a strength of pillar to the economic crisis in Sri Lanka.

As a value-added exporter, DPL is a significant generator of foreign exchange. What is your opinion on the Sri Lankan manufacturing sector's ability to generate Forex earnings? Do you think that we have recognized the industry's full potential already?

Undoubtedly, the manufacturing sector of Sri Lanka is at the forefront of generating forex earnings. Especially the contribution of the plantation sector in Sri Lanka towards generating forex earnings is quite commendable. Out of the main plantations in Sri Lanka, i.e., tea, rubber and coconut, the rubber industry alone has tremendous potential in generating forex earnings. Nonetheless, what we truly need to understand is that there is a clear-cut difference between exporting natural raw rubber and processed rubber. This value addition is critically important for us to reap the maximum benefits when exporting any product.

As far as the rubber glove manufacturing industry is concerned, Sri Lanka has the largest key players in the world. Yet, Sri Lanka can work on expanding its manufacturing capacities further, considering the increasing global demand. Because right now, it is doubtful if we are heading in the right direction in terms of growth. Thus, Sri Lanka should seek opportunities where we can get foreign direct investments (FDIs) – so the full potential of the manufacturing sector can be rigorously explored.

What is your sentiment about the current policy stimuli towards the

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export and local manufacturing sectors aimed to bolster foreign exchange income?

I firmly believe that key existing policies should be revisited and altered to reflect the current economic condition in Sri Lanka. With the inflation skyrocketing and the value of money dwindling, the current policies have explicitly failed to provide the right stimuli for developing the export and local manufacturing sectors. Especially, the local companies are extremely struggling to combat the current economic crisis. Moreover, Sri Lanka's current political turmoil and decreasing foreign reserves may also lead to professionals and businessmen being compelled to leave the country. Thus, it is cardinal to revise these policies and make sure adequate support is given to those who have been affected by the crisis - to continue their operations until they regain confidence.

As a value-added exporter, what role do you think a company

like Dipped Products PLC can play to rise from the current forex crisis?

Regardless of how established we are, at the moment, in terms of operations, if the current economic crisis continues to worsen, we will not be able to fight back. Especially, if the export sector does not get enough support, it will further aggravate the current forex crisis. Nevertheless, as I explained before, we have already shown our potential as a responsible company by maintaining a stable, organic growth rate over the past 40 years; even during the pandemic, we were able to grow our capacity by 23% by adding more new production-lines. However, it is important to make sure that we have the required infrastructure, for example, electricity, energy, raw material to run these production facilities without any interruption in order to generate forex earnings - and help the country get out of this catastrophe.

*By Gishan Abhayagunaratna,
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