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HICOM confident of clinching waste management deal in UAE

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HICOM Holdings Bhd's chances of securing a waste management service deal in United Arab Emirates (UAE) have been boosted by the presence of UAE-based Modern Building Maintenance (MBM) as its partner for the bidding.

HICOM Holdings via its subsidiary Alam Flora Sdn Bhd was awarded a RM212.1 million contract for waste management in Bahrain recently with MBM as one of its partners. The other partner is Bahrain's A.A. Bin Hindi.

HICOM Holdings is also teaming up with MBM and Saudi Arabian firm, Dalal Harakah, for a pre-qualification bidding for the RM150 million UAE contract.

"Based on this, I would say that it looks quite okay (for HICOM Holdings to secure the UAE contract)," Alam Flora chief executive officer Mohamed Siraj Abdul Razack said.

Noting that the decision for the contract is expected to be announced anytime now, he said the company forwarded its proposals last year, the same time when the company submitted its bid for the Bahrain contract in October.

"There are at least 10 companies, including from Europe, competing with us for the contract in UAE," he told Business Times.

According to Mohamed Siraj, the contract in UAE, which is worth RM30 million a year, is divided into four sectors for a period of five years.

"Four contractors will be awarded the contract, one sector for each contractor. This is to create a healthy competition among the concessionaires," he said.

Mohamed Siraj said the contract in Bahrain provides an opening for the company to expand its waste management activities overseas.

The contract in Bahrain is the first for Alam Flora, which has been entrusted to handle waste management in Selangor, Kuala Lumpur, Putrajaya, Pahang, Kelantan and Terengganu.

"This is in line with the Government's and Prime Minister Datuk Seri Dr Mahathir Mohamad's call for Malaysian companies to venture abroad so that they will be able to compete in a global market," Mohamed Siraj said.

In fact, he said, HICOM Holdings via Alam Flora is already pursuing contracts in several countries namely, India, Iran and Qatar.

However, he declined to elaborate on these projects and prefer to keep it a low profile until they sign an agreement.

"We rather wait until we sign on the dotted lines to really indicate that we have achieved something.

"We are also working with our consulates in Brunei, Thailand and Singapore to identify opportunities in these countries," he said.

On the Bahrain project, Mohamed Siraj said the company is expected to spend RM39 million on capital expenditure, which include the purchase of lorries, equipment and information technology equipment.

"All the equipment will be new and with high specifications.

"The information, communications and technology (ICT) will be the backbone of the company's operations. We can manage our operations in Bahrain from Kuala Lumpur via ICT," he said.

He said a total of 650 workers will be employed, whereby 30 to 40 of them are from Malaysia who made up the senior official ranks.

"Most of the workers will be engaged from India and Bangladesh, while it is compulsory for us to employ drivers from Bahrain," he said.

Mohamed Siraj said the contract in Bahrain is a major one as it covers

62 per cent of Bahrain.

"There are five municipalities of which we are awarded the contract to undertake projects at three of the municipalities namely in the north, middle and south," he said.

On the possible reason for the Bahrain Government to award the contract to a consortium that includes HICOM Holdings, Mohamed Siraj said besides the track record, the Bahrain Government was impressed with the HICOM Holdings' presentation, especially on its awareness and waste recycling campaign.

"In addition, they (Bahrain Government) respect Dr Mahathir," he said.

Last Wednesday, DRB-HICOM Bhd in a statement to the Kuala Lumpur Stock Exchange announced that the company, via HICOM Holdings, and two West Asian partners have secured a RM212.1 million waste management contract in Bahrain. The project, worth RM30.3 million a year for seven years, will start February 1 next year.

A consortium that includes HICOM Holdings had formed a joint-venture company, MBM Alam Flora WLL, in Bahrain to undertake the project.

HICOM Holdings has a 48 per cent stake in MBM Alam Flora WLL, while the other shareholders MBM LLC and A.A Bin Hindi each holds 48 per cent and 4 per cent respectively.