



Business News

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IJM sells its 70% stake in Indian company for RM407.76mil

PETALING JAYA: IJM Corp Bhd is disposing of its 70% stake in Swarna Tollway Private Ltd (STPL), a toll road concessionaire in Andhra Pradesh, India, for RM407.76mil to MAIF Investments India 3 Pte Ltd (MAIF).

In a filing with Bursa Malaysia yesterday, IJM said its subsidiary IJMII (Mauritius) Ltd had entered into a conditional share purchase agreement with MAIF and STPL on Monday.

"The expected gain from the disposal is about RM92.62mil," IJM said.

IJM is also planning to dispose of the remaining 30% stake in Swarna for RM189.02mil to MAIF, which is subject to approvals from the authorities, within 42 months from the completion of the disposal.

Swarna is the concessionaire for the improvement and upgrading of existing two-lane highways in Andhra Pradesh, India on a build-operate-transfer basis.

It holds a 30-year concession for the highway, which was completed in 2004. It expires in September 2031.

Analysts said that the disposal of the Swarna highway concession would result in a special dividend for shareholders.

"It is a positive development for IJM because the price is at 1.3 times book value and it is a fair price considering it is a smaller highway," said an analyst.

"This transaction would not have huge impact to IJM's bottomline and we believe the company may consider to channel the proceeds for special dividend," he added.

Shares in IJM closed five sen higher to RM7.05 yesterday.

Last year, IJM disposed of its 100% stake in Jaipur-Mahua Tollway Pte Ltd in India, for which it gained about RM188mil. The company was also reported to be selling its remaining 13.26% stake in Trichy Tollway to Macquarie SBI Infrastructure Investments Pte Ltd for RM24mil.

IJM Corp sold 35.6% of its stake in Trichy Tollway in June 2013.

"IJM may consider selling its other highway concessionaires in India depending on the pricing," an analyst said.

For its financial year 2014, IJM Indian tollways recorded higher pre-tax losses of RM84.21mil from RM RM26.75mil in 2013 due to impairment recognised on Vijayawada Tollway's asset and higher unrealised foreign exchange losses.