

# In conversation with an icon in the construction industry, MD of Sanken Construction, **RANJITH GUNATILLEKE**

Ranjith Gunatilleke is the face behind the renowned brand Sanken Construction and the construction brainchild of the preponderance of iconic structures in Colombo's skyline. Ranjith provides insights on the current conditions of the construction industry in light of the economic headwinds faced globally, along with his perception of the impending developments in the country and their impact on the real estate market in Sri Lanka.

**Sanken has outpaced significantly since inception and holds a name well known to everyone. Please walk us through the array of projects undertaken by Sanken and its global presence.**

Sanken Construction predominantly undertakes projects involving the construction of buildings and we take up a combination of almost all types of buildings, ranging from high rise buildings, hospitals, hotels, resorts, apartments, silos, commercial buildings, and many other mixed developments.

Besides that, we are also involved in civil construction projects such as bridges and water supply systems. Additionally, during the last 5 years, we have also been involved in road construction on a very minor scale.

Sanken construction as the principal/parent company has many subsidiaries, all specialised in different areas of construction. Of these, Sanken Overseas is leading at the moment and we are humbled to state that it generates the leading revenue stream as the foreign exchange earner in

the country in construction services.

Currently, we employ around 2000 direct junior executives/executive-level Sri Lankan staff and serve about 7000-8000 people indirectly. We also employ people from overseas, especially from India and Bangladesh.

With over 30 years of experience and provision and execution of avant-garde construction practices, Sanken takes pride in declaring that more than 60% of Colombo's skyline has been constructed by us.

**Sanken is actively involved in the construction of projects in copious sectors, what would you consider as the most important project done to date?**

All projects are equally important. Nevertheless, iconic structures include JAIC Hilton, Hatton National Bank (HNB) headquarters, Capitol TwinPeaks, and the latest addition is Colombo City Centre.

**The last 2 years are exceptionally known for the economic fallouts in**

**many sectors. How have the last 2 years affected the construction industry and how has it shaped Sanken?**

In December 2019, at the initial stages of the pandemic, we envisioned it to affect the construction industry both directly and indirectly.

Pandemics are not considered in construction contracts as per the law and are not specifically put forward in the Construction Industry Development Authority (CIDA) contracts. It goes as an Act of God where inevitably contractors are seriously affected. We might get time concessions but no other specific compromises. Hence, we had to endure a challenging period.

**How has the Government helped Sanken and other similar companies and what further policies/actions do you propose?**

The Government has informed the Central Bank and other commercial banks to enforce certain moratoriums on stakeholders in the industry who have obtained loans. However, it is not a write-off but rather a matter of delay in payments, where interest rates are also accrued.

Fortunately, the strategic regulation of the Government has kept interest rates comparatively low.

However, one suggestion would be to exercise actions similar to other developing countries of an interest rate of about 5% enabling people to borrow money and invest in ac-

cordance to their means.

**Import restrictions across many sectors is a hotly debated topic lately. How have import restrictions on materials required for construction affected the pricing of projects and other factors?**

Talking about materials, more than 70% were and even currently, depend on imports inclusive of steel bars, aluminium, timber, cement, and sand. These are affected due to restrictions in movements globally and also due to the various restrictions by the Government.

Since imports of the main raw materials used for construction have been restricted, the pricing of projects has also been affected. Assuming a construction project to be USD 50 per square foot before the restrictions, has now gone up to nearly USD 85-90.

**How have price changes affected the quality of projects?**

Quality has not been affected at all, as it is indispensable to follow certain codes of practices and standards to not endanger the lives of people with shortcuts and poor quality.

**Do you have foreign clients intending to invest in Sri Lanka?**

Unfortunately not. This is not a consequence of the pandemic but rather our system, which does not encourage foreign investors. The key reason for their hesitancy and reluctance is the bureaucracy. In addition, the unfortunate lethargy of the respective authorities makes the entire procedure unwelcoming for foreign investments.

However, our material, labour expenses, and above all, our climatic conditions and geographical location of the country are exceptional factors to attract investments.

**With the development of the Port City being the current topic of conversation, what are your thoughts on the Port City and on how it would affect Sanken and similar industries?**

Sri Lanka, with its unique features of geographical location and other business attractions, is an exemplary location for investment.

My personal standpoint is that the Port City is a project that should have been implemented some time ago, for the mere reason that as a developing nation, we must always look forward to novel and revolutionary investments to help upheave the economy. However, these should be done with minimal negative impacts on nature.

**What are your thoughts on REITs and their introduction to Sri Lanka?**

It is an excellent form of investment. This has been evolving in other countries, thus, we as a nation along with the Government must get this progressing in Sri Lanka as well.

**What are your thoughts on the talent that is coming from local universities and any suggestions on retaining talent?**

We see a lot of graduates leaving the country and it is disheartening for the reason that given our literacy rates and the economic climate, we as a nation produce a good amount of technical people.

Therefore, it is high time for the Government to consider financing students with loans to cover their tuition fees. This will enable them to have an undisturbed worry-free education on the condition that they have to serve the country and the loan will automatically be extracted from their salaries. However, if they wish to go overseas, they will only be able to do so with a guarantee to repay the student loan. This system must be in place to reap the benefits of the money spent.

So, I hope in the long run the country gets some benefit from the loans granted to complete their education.

**Could you give a brief about the future intentions and prospects of Sanken?**

The Sanken Group of Companies, as a whole, will continue to provide and look into methods of enhancing its premier service as a professional construction company. We are also discussing if parts of the Sanken Group can go into the share market, to get the public to invest and participate.