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KUALA LUMPUR, March 26 -- Sunway Construction Group Bhd (SunCon) has clinched a RM508 million (Rs 864.51 crore) highway project in India, its first overseas project for the year.

The project, which is expected to commence work in October this year, consists of developing a new road and widening of the existing road to four lanes on a 36.75km highway stretch in the state of Tamil Nadu, it said in a statement here today.

The group, which received the Letter of Award (LOA) from the National Highways Authority of India (NHAI), said the project was awarded to Sunway Construction Sdn Bhd - RNS Infrastructure Ltd, a consortium formed by Sunway Construction Sdn Bhd and RNS Infrastructure Ltd.

The development and widening works of the highway stretch from the Thorapalli Agraharam to the Jittandahalli sections of national highway (NH) 844 and the construction period for the project is two years, said SunCon.

The project will be operated under the Hybrid Annuity Model (HAM), where NHAI will pay 40 per cent of the project cost during the construction period with the remaining 60 per cent to be paid over a period of 15 years as a fixed annuity amount.

HAM, an initiative by the Government of India, was introduced to provide a better financial mechanism for road development.

The LOA also includes a 15-year operations and maintenance contract which will bring an additional RM4 million (Rs 7.08 crore) per annum.

"We are very pleased to clinch our first overseas project for the year as this is part of our plan for geographical diversification focused on ASEAN and India," said group managing director Chung Soo Kiong.

This project is part of NHAI's effort to improve the infrastructure and roadworks in India and to widen and to shorten the Hosur-Dharmapuri section of NH 844.

Upon completion, motorists can avoid Krishnagiri to reach Hosur or Bengaluru and the new route passing through Rajakottai and Palacode will be shorter by 25km.

SunCon's consortium partner for the project, RNS Infrastructure, is an Indian company that provides a wide range of infrastructure construction services such as construction of dams, highways, bridges, tunnels, power houses and residential buildings.

It previously partnered with RNS Infrastructure in June 2001 for its first two infrastructure projects.

-- BERNAMA