

SunCon secures RM508m highway project in India

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KUALA LUMPUR (March 26): Sunway Construction Group Bhd (SunCon) said it had received a letter of award (LoA) on highway construction, from the National Highways Authority of India (NHAI) worth a total 8.64 billion rupees (RM508 million).

In a statement, SunCon said the project was awarded to the consortium company established between Sunway Construction Sdn Bhd — a wholly-owned subsidiary of SunCon — and RNS Infrastructure Ltd.

India-based RNS Infrastructure is primarily involved in infrastructure construction and has been partnering with SunCon since 2001 and participated together on two infrastructure projects.

SunCon said the construction package involves developing new road and widening existing road to four lanes on a 36.75km highway stretch in the state of Tamil Nadu, India.

"The project will be operated under the Hybrid Annuity Model (HAM), where NHAI will pay 40% of the project cost during the construction period while the remaining 60% will be paid over a period of 15 years as fixed annuity amount," the group added.

HAM is an initiative by the Indian government, which was introduced as a better financial mechanism for road development.

SunCon also said the LoA also includes a 15-year operations and maintenance contract, which will bring about 70.8 million rupee (RM4 million) 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 SunCon group managing director Chung Soo Kiong.

The development and widening works of the highway stretches from the Thorapalli Agraharam to the Jittandahalli sections of national highway (NH) 844.

The construction duration for the project is estimated to be two years, and is expected to commence work in October 2020.

According to NHAI officials, the project will shorten travelling distance between Rayakottai and Palacode by 25km, driving economic activities in the region.

Shares in SunCon closed 1 sen up or 0.67% at RM1.50, valuing it at RM1.93 billion. The counter saw 427,900 shares changed hands.

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