



## **Press Note**

Hyderabad which stood second in the country in 2014 in terms of the network length of metro rail has now slipped to the 9<sup>th</sup> position in the country in terms of metro network length.

To cater to the growing demand of public transport in Hyderabad and surrounding areas, Government of Telangana has submitted proposals for sanction of 8 lines as part of Phase 2A & 2B expansion totalling about 163km of additional metro network. Government of India has held multiple meetings to review the proposals. The primary concern expressed by Government of India is that the proposed phase 2 is being executed by a government agency while phase 1 metro in Hyderabad is a private entity and insisted on a definitive agreement with L&T for operational integration of phase 1 with the proposed phase 2 to process the proposal further. Government of India has also requested L&T Metro to participate in phase 2 project as JV of GoI, GoTG.

In response L&T has conveyed regret that they will neither be able to participate in phase 2A and phase 2B as equity partner nor sign the definitive agreement and expressed their willingness to offer their equity stake in LTMRHL to state or central government.

In this context, with an objective to break the deadlock existing since November 2024, CM Sri A Revanth Reddy along with senior officers of Government held a meeting with L&T group CMD Sri S.N. Subrahmanyam and senior L&T officers today (Thursday) to discuss the way forward.

The Chief Minister informed Chairman L&T that the state government would prefer that L&T participates in Phase 2 expansion of metro as equity partner. However, CMD L&T reiterated that L&T will not be able to participate in Phase 2 metro project as an equity partner since it has exited the business of ownership and operation of transportation concession assets.

Thereafter, CM requested L&T to sign the "Definitive Agreement" for operational integration of Phase 1 and Phase 2 corridors, which would also incorporate the revenue and cost sharing mechanisms etc., as insisted upon by Government of India, in order to process the proposal of phase 2 further.

To this, CMD L&T informed that they are unable to sign the definitive agreement as they have major concerns regarding seamless train operations between the two phases and regarding revenue and cost sharing mechanisms.

As an alternative solution, and in order for Government of India to process the proposal further, he reiterated the offer to divest their complete stake in Phase 1 metro to the State government, that will make the phase 1 as a state government entity.

Therefore, discussions were held on financials, asset valuation etc., of the Phase-I project. Mr. Subrahmanyam suggested that the state government to take over the complete debt of LTMRHL and pay about Rs.5900 crores for their equity value.

During negotiations, Mr. Subrahmanyam also pointed out that as per the Supplementary Concession Agreement signed on 22.07.2022, the state government is yet to pay Rs. 2100 crores to L&T out of the agreed Rs. 3000 crores as interest free loan. After detailed negotiations, with an objective to expedite the phase 2 approval by Gol, it was agreed in principle that State government would take over Phase-I Metro Rail project by taking over the debt of the project which now stands at about Rs 13,000 Cr. Further, the state government will pay about Rs.2,000 Cr to L&T towards their equity investment in LTMRHL as one-time settlement.

The conditions of the take-over shall be worked out with mutual discussions and the process will be carried forward in a carefully calibrated and mutually agreeable manner, duly ensuring all legal and statutory compliances.

Chief Secretary Sri K Ramakrishna Rao; Advisor to Government of Telangana (Urban Transport) Sri NVS Reddy; Prl. Finance Secretary Sri Sandeep Kumar Sultania; Secretary, MA&UD Sri K Ilambarithi; and MD, HMRL Sri Sarfaraz Ahmad; Prl. Secretary to CM Sri V Seshadri; Secretary to CM Sri K Manicka Raj participated in the meeting from the Government side.

Sri DK Sen, Advisor to CMD, L&T Group and Sri KVB Reddy, MD&CEO, LTMRHL attended the meeting along with the CMD of L&T Group.